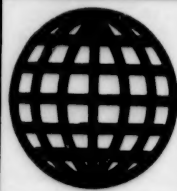


JPRS-CAR-94-026

27 April 1994



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

JPRS Report

China

China

JPRS-CAR-94-026

CONTENTS

27 April 1994

ECONOMIC

NATIONAL AFFAIRS, POLICY

Number of Domestic Enterprises Increasing [JINGJI RIBAO 24 Feb]	1
Retail Sales Registers Growth in 1993 [JINGJI CANKAO BAO 21 Feb]	1
Wu Jinglian on State Enterprise Reform, Shareholding [JINGJI GONGZUO TONGXUN 30 Jan, 15 Feb]	2

PROVINCIAL

Survey of 11 Enterprises in Anhui [GUOJI MAOYI WENTI 30 Nov]	5
--------------------------------------------------------------	---

FINANCE, BANKING

Financial Business Automation Develops 'Rapidly' [ZHONGGUO XINXI BAO 7 Feb]	10
Futures Market 'Develops Well' [ZHONGGUO XINXI BAO 18 Feb]	11
Financial Markets Continue To Flourish [ZHONGHUA DISAN CHANYE BAO 7 Feb]	12

INDUSTRY

Bureau Issues Mar Light Industry Output Figures [CEI Database]	14
Bureau Issues Mar Main Chemical Products Output Figures [CEI Database]	14
March Statistics on Industrial Output Value by Area [CEI Database]	14
March Mechano-Electronic Output Figures [CEI Database]	15
Labor Productivity Improves in Nonferrous Industry [JINGJI CANKAO BAO 23 Feb]	15

FOREIGN TRADE, INVESTMENT

Comparing Development Models for Tumen Jiang [SHIJIE JINGJI 10 Dec]	16
---------------------------------------------------------------------	----

LABOR

Reversal of Migrating Rural Labor [JINGJI RIBAO 23 Feb]	21
---------------------------------------------------------	----

TRANSPORTATION

Northwest Opening Passages to Outside World [ZHONGGUO XINXI BAO 7 Feb]	23
------------------------------------------------------------------------	----

AGRICULTURE

Jilin Reports Shortage of Beets [JILIN RIBAO 26 Mar]	24
Liaoning Rural Savings [LIAONING JINGJI RIBAO 18 Mar]	24
Guizhou Sets Goals for Livestock Industry [GUIZHOU RIBAO 28 Mar]	24

SOCIAL

Social Effects of Emerging 'Nouveaux Riches' [SHEHUI Mar]	25
-----------------------------------------------------------	----

MILITARY, PUBLIC SECURITY

Sino-Burma Border Security Problems [RENMIN GONGAN BAO 3 Feb]	27
---------------------------------------------------------------	----

REGIONAL

EAST REGION

Unemployment in Shandong Increases in 1993 [DAZHONG RIBAO 21 Feb]	30
Shandong Promulgates Economic Regulations [DAZHONG RIBAO 19 Feb]	30

NATIONAL AFFAIRS, POLICY

Number of Domestic Enterprises Increasing

94CE0346A Beijing JINGJI RIBAO in Chinese
24 Feb 94 p 1

[Article by JINGJI RIBAO reporter Li Zhengping (2621 3630 1627): "Number of Domestic-Funded Enterprises Increasing Rapidly—a Trend Shown by Latest Statistics From State Administration of Industry and Commerce"]

[Text] Even more eye-catching than the rapid increase of the number of enterprises with foreign investments in the year of 1993 which had just passed was the vigorous growth of various types of domestic-funded enterprises in China. The latest statistics compiled by the State Administration of Industry and Commerce shows that as of the end of 1993, the number of registered domestic-funded enterprises in China reached 7.287 million, an increase of 1.465 million over 1992. The number of employees working for such enterprises in 1993 totaled 252.5 million, a growth of 40 million over 1992. The registered capital of such enterprises in 1993 totaled 4,235.85 billion yuan, a net increase of 1,456.28 billion yuan over 1992. This was another year of rapid growth for various types of enterprises after 1992.

According to an analysis conducted by authoritative sources, domestic-funded enterprises showed the following characteristics in their development during 1993:

- The number of new enterprises continued to grow, while the number of enterprises which canceled their registration was also on the rise. During 1993, the number of newly opened and registered enterprises in China totaled 1.834 million, an increase of 581,000 or 46.4 percent over 1992. Sichuan was the province which witnessed the greatest number of such enterprises—655,000. The number of such enterprises which canceled their registration was on the rise since the sharp drop in 1992. The number of such enterprises which canceled their registration reached 341,000 in 1993, an increase of 83,000 or 32.2 percent over 1992. Most of the enterprises which canceled their registration were in the fields of industry, commerce, banking and insurance. The increase in the number of enterprises which canceled their registration reflected sharp market competition.
- The rate of growth for enterprises under joint management and those of other economic groupings remained high, while that for collectively owned enterprises in various townships was dropping. The rate of growth for state-owned and collectively owned enterprises was not rapid. The rate of growth for collectively owned township enterprises in 1993 dropped by 1.8 percent, while that for enterprises under joint management and those of other economic groupings rose by 21 percent as compared with 1992.
- All three major industries grew in general with the growth of the tertiary industry ahead of the other two. In the tertiary industry, scientific research and overall

technical services saw the fastest growth of 84.9 percent. Growth in transportation and communications, post and telecommunication, banking and insurance was less remarkable.

- As far as the ownership system is concerned, collectively own companies, those in joint operations and those of other economic groupings developed rapidly. The growth of state-owned companies was relatively slow. The number of state-owned companies totaled 383,000 in 1993, an increase of 78.1 percent over 1992. The number of collectively owned companies totaled 602,000 and that of companies under joint operation and those of other economic groupings totaled 54,000, marking increases of 139.8 percent and 157.6 percent respectively. If we view the share of these companies in all enterprises, these companies accounted for 19.6 percent of the total number of state-owned enterprises. They accounted for 11.7 percent of the total number of collectively owned enterprises, while they accounted for 30 percent of the total number of enterprises under joint operation and those of other economic groupings.

Retail Sales Registers Growth in 1993

94CE0346B Beijing JINGJI CANKAO BAO in Chinese
21 Feb 94 p 2

[Article Ding Ding (0002 0002): "Retail Sales Registered Highest Growth in 1993—Information from Ministry of Internal Trade"]

[Text] According to the latest information from the Ministry of Internal Trade, China's commodity market witnessed rapid growth and brisk vitality in 1993. The total value of retail sales reached 1,359.3 billion yuan in 1993, an increase of 23.6 percent over 1992, of which the total value of retail sales of consumer goods reached 1,223.7 billion yuan, up 26.1 percent over 1992. This was the year of highest growth since 1988.

A responsible comrade of the Ministry of Internal Trade pointed out that the entire commodity market was imbued with significant changes and that a large number of people were buying consumer goods of higher grades in 1993.

- There are three stages of significant changes on the commodity market during 1993. The market was brisk in sales during the first half of the year with the rate of growth increasing by each month. The total value of retail sales during the first quarter of 1993 rose by 16.2 percent and that in June reached 28.4 percent as compared with the corresponding periods in 1992. The total value of retail sales fell since the beginning of the third quarter. It fell by 6.8 percent in September and 7.3 percent in October over the June figure. The total value of sales of consumer goods again rose since the beginning of November. The total value of retail sales in November 1993 rose by 22.9 percent and that of December by 35.3 percent as compared with the corresponding month in 1992.

The gap between the total value of sales of commodities manufactured by enterprises of different economic groupings and in different districts had widened. The rate of growth of the total value of sales in coastal areas rose by more than 29 percent, while that in inland provinces increased by 18 percent—a difference of 11 percent. The rate of growth of the total value of sales in the urban market rose by 31.2 percent, while that at and below the county level increased by 19.5 percent—a difference of 11.7 percent. In terms of economic groupings, the total value of retail sales of the state-owned economic sector rose by 18.9 percent, that of collectively owned economic sector by 16.4 percent, that of the joint ventures by 15 percent, and that of the individual economic sector by 37.8 percent. The total value of retail sales of the state-owned economic sector was 26.1 percent and 18.9 percent lower than that of the joint ventures and that of the individual economic sector respectively.

—Urban and rural residents bought more consumer goods of higher grades. The urban and rural residents' income rose in general in 1993. They had notably bought more expensive consumer goods. They selected better food to eat, clothing of famous brands to wear and consumer goods of higher quality to use. They preferred nutritious and high-quality food which was good for their health. They consumed less staple food, while eating more non-staple food. In clothing, they cared new and fashionable styles and personal tastes. In consumer goods, they paid attention to famous brands, high-quality, extra functions and extra fine grades. They particularly loved to buy expensive durable consumer goods.

—Most of the consumer goods are abundant in supply, while there was a shortage of farm and sideline products. According to a survey conducted by the Ministry of Internal Trade over 731 varieties of commodities, 74 varieties of such commodities were in shortage, accounting for 10 percent of the total volume of commodities. This figure was 1.3 percent lower than that in the previous year. There is a slightly larger supply of manufactured goods for daily use than demand, and the supply of major staple and non-staple food is basically stable. However, the supply of commodities such as cotton, edible oil, sugar and pork was slightly tight. The main reason was that the output of cotton, rape seeds, sugar crops and other farm and sideline products dropped, and there were less hogs on hand.

—Producer goods for farming are less marketable. However, there was a large-scale turn for the better at the end of 1993. The total value of retail sales of producer goods for farming reached 135.56 billion yuan, an increase of 5.2 percent as compared with 1992. However, the value of retail sales was actually down if price increases were taken into account. The total value of sales of chemical fertilizer dropped by 18.2 percent, that of insecticide by 6.3 percent, and that of plastic films for farming by 24.9 percent. Tremendous

changes took place on the market of producer goods for farming in December. The total value of retail sales of producer goods for farming reached 13.47 billion yuan during that month, marking an increase of 34.3 percent over the corresponding period in 1992 and up nearly 30 percent over that in November.

—Commodity prices rose on a fairly large scale. Residents were anticipating the price increases.

Wu Jinglian on State Enterprise Reform, Shareholding

94CE0429A Beijing JINGJI GONGZUO TONGXUN [ECONOMIC WORK NEWSLETTER] in Chinese No 2, 30 Jan; No 3, 15 Feb 94

[Article in two installments by Wu Jinglian (0702 2417 8834), [executive director of] and researcher at the State Council Economic, Technological, and Social Development Research Center: "Reform and Incorporation of Large and Midsize State Enterprises"]

[30 Jan pp 12-14]

[Excerpt] [passage omitted]

As to what constitutes a modern enterprise system, there is a sharp lack of consensus. Since the mid-1980s to the present, opinions on this have varied in an ever more confusing trend. While the current "Resolution" ["CPC Central Committee Resolution on Certain Issues Involved in Establishing a Socialist Market Economy"] explains the rules for a modern enterprise system, laying down the civil obligations of a company's overall corporate assets, which is a crucial breakthrough in reform theory and policy, each has his own formula as to what actually constitutes a corporate-assets system. So while we have made a great breakthrough, to a modern enterprise system, we need to clarify fully what this actually means. In brief, a modern enterprise system is a modern corporate system, which involves two essentials: 1) It is a corporate system, established on the grounds of a corporate-assets system. A corporation [legal person] is a legal concept in contrast to a natural [ziran ren] person, with a corporation being not a person, but rather an organization. Such an organization is an independent legal subject, with the same rights and obligations as a natural person, having the same civil rights and liabilities, and the ability to sign contracts and bring and respond to lawsuits. 2) It is operated and managed by a corporate-administered structure (in the West called administration, or control and management). The functions of controlling and managing an enterprise can be undertaken only by a natural person with awareness and will, while a corporation is an abstract concept without awareness and will, which can be administered only by a natural person governed by an organizational structure. This organizational-structure system is called by Western economists a corporate administrative structure. This structure is composed of the three parts of shareholder meetings, a board of directors, and an executive body (generally an executive committee of executive officers headed by the president [general manager]).

Shareholder meetings entrust assets to the board of directors, which operates them through management personnel. This is the so-called "tripartite" system. Executive personnel are restricted by the board of directors, which exercises supreme decisionmaking power, as well as being restricted by shareholder meetings, which are the corporation's supreme organ of power. These two points are the most crucial features of a modern corporate system. [passage omitted]

[15 Feb pp 14-16]

[Excerpts] In light of our experimental shareholding-system experience over the past decade, the establishment in China of a modern enterprise system, or a modern corporate system, has encountered several difficult problems. 1) The first difficult problem is the difficulty involved in property-rights demarcation. Changing our former system of nationalization to unify the whole country to a corporate-assets system involves ideological and technical difficulties, as well as the real difficulty of changing while considering vested interests. 2) The second difficulty is that involved in the process of establishing a corporate administrative structure. If we do not dovetail well our current cadre structure with a corporate administrative structure for companies, things will remain as before, making it impossible to establish relations of respective obligations and rights with mutual restrictions among shareholder meetings, boards of directors, and general managers. I once went to a foreign trade company, where I was told that cadres above the department level all needed higher-level authorization. This is not the case in a corporate administrative structure. 3) The third difficulty is how to deal with the historical-burden issues that have been unresolved for so long. Our historical burdens are mainly three: A) The loan problem, with excessive-debt operations unable to repay debts owed to banks. Debt burdens from previous contract periods are carried over and hung onto following contract periods, accumulating to the point where they are hard to resolve. B) Another is the social security matter, with social security actually being a type of savings. In our past big-pot system, social security costs were turned over to state revenue through profits and taxes, then converted to state capital for reinvestment, to form certain new factories. It should be pointed out that as part of current state-enterprise assets were established on the grounds of state liability to elderly employees, they should be returned to their ownership in a suitable form. Enterprises now conducting assets appraisals have not considered this part. So once social security is socialized and foundationed, former employees will not receive social security payments, which the state will be unable to assume either. C) In addition, there is the issue of an enterprise-run society. So we need to find ways to solve these problems.

The first problem is how to establish a public-ownership-dominated corporate-assets system.

1. How are former state assets to be converted to state-share property, and what agency will represent this share property? The State Council representation as

stated in the "Resolution" is too abstract, and we will eventually need a very specific agency as executor. The poor resolution of this matter shows up as our corporate-system transformation not having "bosses" to take charge, leaving the "working" plant managers and factory directors in charge, which is called "role reversal." 2) Current state assets are generally all undervalued due to existing problems in our current assets-appraisal theory, such as some being assessed at original value, others at net value, and inaccuracies in fact even when assessed at replacement value. An enterprise's asset value should be based on its profitmaking capability. This, of course, involves certain difficulties, as our lack of a capital market makes evaluation hard. We do not have enough professional agencies to do this work, with these agencies subject to existing problems in assets-organization form. U.S. law stipulates that legal and accounting agencies may not run companies, at most being allowed to form partnerships, to have unlimited liability. While lawyers and accountants earn much money, once they make a mistake, they can lose a family fortune in paying for it.

I hold that our State Administration of State Property should assume a function similar to the German Trusteeship Office, acting as the representative of former owners, with all unconverted-system assets belonging to it, and it being in charge of the system conversion from state ownership to a modern corporate system. The system conversion could be done in a simple or complex way. The simple way would be after evaluation, to transfer state share rights to certain newly established, mutually competitive state holding companies. The complex way would be through auctioning, with the former bosses' representative (the trusteeship office) selling their share rights to other parties (holding companies). The money would all be transferred within national limits, with the purchasing money being provided by the state, and the sale money also having to be turned over to the state. The competitive process would make assets appraisals more accurate, bringing share prices nearer to real prices. This would differ from that in East Europe and the CIS, where the auctioning was to individuals, using instead a public-to-public approach, with this public being new property owners, such as holding and investment companies. While the "money" used in the auctioning process could also be separated from the existing monetary system, using stock-rights certificates as in East European countries, the stock-rights certificates would be issued not to individuals, but rather to newly established companies.

This is all about how to deal with the state-property problem in the incorporation, system-conversion process, or to resolve the matter of the part combined between the government as the public-ownership representative and enterprises. In which case, how to deal with the issue of debt-formed enterprise assets is actually also one of dealing simultaneously with overevaluation. All who have learned double-entry bookkeeping tenets know that assets = liabilities + capital, or assets - debts = net assets = capital. This takes care of the state-share

part. But another problem is that it includes debt, some of which needs turned into stock rights, with bank debt becoming stock rights. So when evaluating assets, while it may seem that the evaluated assets equal overall capital, this is not so.

The money previously paid by former employees has turned in government hands into enterprise assets. So if this debt is not separated out in the current assets appraisals, where will these former employees go to get their money in the future? And who will be able to assume this debt? So while this part of state liability to former employees will certainly have to be separated out from assets in the incorporation process, who will it be separated out to? It will be given to foundations, with both stock rights and liabilities being given to foundations and stock rights being salable and purchasable, as they are a part of funds anyhow.

In addition, the current situation of industrial and commercial enterprises being generally short of registered capital, so dependant on bank loans to get by, also needs resolved. This needs to be dealt with by the former owners' representative (as suggested above, the trusteeship sector—the State Administration of State Property). I hold that three methods based on respective circumstances can be used to deal with it: some assets have absolutely no impact, so should be appraised and sold. The remaining debt-formed assets could be dealt with in two ways: some could be maintained as bank debt; some bank creditor rights could be turned into bank stock rights, to become bank holdings. This would involve mainly whether banks chose the British-U.S. system or the German-Japanese one. While banks cannot hold stocks in the British-U.S. system, they all can in the German-Japanese one, with Japanese banks being the most important shareholder, called the host bank. While we currently do not allow banks to hold stocks, which is clearly stipulated in the current tightening of macroeconomic control, we need to decide which system we will finally choose. The current general trend in the U.S. is that not allowing bank shareholding is wrong. Of course, bank shareholding has its own problem, that if the holding capital funds are not separated out from bank credit capital funds, they may affect bank assets quality. So while allowing banks to hold stocks, bank working capital—loan capital funds, need separated from holding capital funds.

Once we accomplish the abovementioned two reforms to make stock rights of creditor rights, many new forms of public ownership will appear. 1) All types of social security funds. While their ultimate owners, beneficiaries, will be individuals, these individuals will be not decentralized, but rather joined together. Should such funds jointly established by many individuals be called public or private ownership? They are of course public ownership. The amount of such funds in a modern society is extremely large in scale. Shares held by U.S. pension and common funds make up over one-half of the capital of large corporations. 2) Bank shareholdings. Bank shareholding is the same in nature as mutual

shareholding by other enterprises, in that if the bank itself has mostly public shares, its nature per se is the public economy. So after reform, the public form will no longer be the same, being mainly not public ownership, but rather publicly organized shareholding within definite limits by diverse representatives of all types.

A current view in academic circles is that corporate shareholding cannot solve the problem, as using one's own money differs from using others' money, so that it is only the division to the individual that makes shareholders pay attention to capital operations. I hold that this view is too simplistic. In the development of all countries throughout the world to the present, in no country has natural-person shareholding become dominant. Of the major countries with market economies, pension and common funds dominate in the United States and Britain, accounting for 60 percent, while other corporate shareholding dominates in Japan and Germany, in which banks play a great role. In Japan, over 70 percent of major corporate stocks are controlled by other companies. When in Tokyo, Geoffrey Sachs, a Harvard University privatization advisor to East Europe and the CIS, responded to questions in this area. He said that turning all large corporations into individual shareholdings is certainly not the ultimate aim of or ideal model for reform. But to break the state monopoly on property rights, the best method is to divide up the cards. Any division method can be used to cut the Gordian knot. Once divided, markets will naturally help to form a good structure. Decentralization from state monopoly to shareholding by every natural person is a transition, in which stock rights will be gradually pooled. I hold that if we can move directly from our current state to a corporate system in which corporate shareholding dominates, supplemented by individual shareholding, this will minimize the social impact, not necessarily going through the individual transition. If a particular method is most efficient, more suited to our social ideals, and more publicly sustainable, what could be wrong with it? Of course, if we do not have the skills or are ineffective at making a smooth conversion from public ownership to corporate shareholding companies, economic development laws will force us to the detour of first dividing up public assets to individual pockets. This is because the establishment of a modern enterprise system is not subject to shifts of will, to operate in a conscious or guided way, but rather occurs spontaneously. In fact, state assets are now being converted every day, with many being shifted to individual pockets. Of course, we cannot say that the disintegration of the former public ownership to unify the whole country is necessarily a bad thing. "Erosion" is not judgmental, occurring in each case according to respective laws. But I am very concerned that the current erosion might cause social problems. This is because increasing numbers of people, particularly grass-roots comrades, perceive that public assets are flowing to those with power and influence, while they are becoming a so-called "nouveau-pauve class." A comrade who works in a central research institute tells me that if this goes on, three to five years

will bring a tiny group of rich millionaires along with hundreds of millions of paupers. While this may be overdoing it a bit, we need to note that a large gap between rich and poor can touch off social and political problems.

If property and stock rights are not clearly delimited, corporate assets are not established, and these problems are not resolved, we will remain all eating out of the one big pot, with our management personnel not subject to the ultimate restraint of the owners, and a modern enterprise system impossible to establish. Even if we establish corporations, it will be impossible to operate them very well. As stated above, property-rights restraint is the ultimate restraint, without which things do not work, and even good management personnel turn bad in just a few days. [passage omitted]

The second incorporation difficulty is the conflict between our current personnel appointment and dismissal system and the establishment principles for a corporate administrative structure. The international standard for corporate organization is that the owners (shareholders) transfer assets to the trusteeship of the board of directors, which represents the shareholders in managing assets. While the board of directors has full decisionmaking power from general policies and principles to executive personnel, such as presidents, when there is dereliction of duty or betrayal of trust, any shareholder can take action against the board of directors. Boards of directors appoint chief executive officers [CEOs], including presidents and vice presidents, with it being alright at times for board chairmen to serve as presidents. While boards of directors in the United States generally meet once a month, they meet less often in Europe. The chief duties of boards of directors are to formulate general policies and principles and oversee CEOs, such as presidents. While these executive officers have obligations and rights, deciding everything from investment to production, they are also subject to strict restraints, basically in three areas: 1) product-market competitive restraints; 2) capital-market competitive restraints (the most recent studies have come to the conclusion that share price changes have little restraining impact, while takeovers and buyouts have slightly more); 3) the established most effective restraint is the management-market competitive restraint. Regrettably, this is a market that we have not established. Should we choose managers from the management market or appoint them from the organizational or personnel sectors? I hold that as a corporation is not a government organization, but rather an enterprise, management personnel appointments should firmly follow international standards for the corporate system. A current concern is that without control, there will be no future political control, which is not necessarily so. For instance, in Singapore, while the ruling party controls the government very well, senior responsible appointments in large corporations are completely according to international practice, with government control of boards of directors. But to strengthen appointment of directors for all-government-funded corporations, the government

has a bureau-level director-appointment commission, chaired by the finance minister, and whose first member is Deputy Prime Minister Li Hsien Loong. Appointments of subordinate-company directors is left to shareholding corporation boards of directors, with certainly no signs that this method weakens ruling-party leadership. Strengthening party leadership, by adhering to the people's democratic dictatorship, and separating the party, the government, and enterprises, are two principles adhered to by Comrade Deng Xiaoping. This matter needs discussion by all.

In addition, making stock rights out of creditor rights discharges certain burdens, while creating new forms of public ownership. This merits much attention. If the socialist system is to stand, it must recreate its property-rights system, so that it conforms to the property-rights socialization principle, while not being hampered by traditional public-ownership concepts. As how to establish a modern enterprise system grounded in the dominance of public ownership is a theoretical and policy matter of fundamental significance, it needs joint study by all.

PROVINCIAL

Survey of 11 Enterprises in Anhui

94CE0345A Beijing GUOJI MAOYI WENTI
[INTERNATIONAL TRADE JOURNAL] in Chinese
No 11, 30 Nov 93 pp 59-63

[Article by Chen Zhenji (7115 2182 1015) from Consulting Group on Technology and Trade of Ministry of Foreign Economic Relations and Trade and Tang Chuangfeng (3282 0278 6912) from University of Foreign Economic Relations and Trade: "Report on Survey of 11 Enterprises in Anhui"]

[Text] Enterprises are the main bodies of various economic activities. The development of enterprises, particularly the large and medium-sized ones, directly affect the growth of our overall economy and the realization of the "four modernization" program. Therefore, how to invigorate large and medium-sized enterprises is a major event of universal concern in the whole country. With regard to this issue, we carry out some investigation and studies in some prefectures and cities such as Hefei, Chuzhou, Wuhu and Xuancheng from April to May this year. We called on the leading comrades of the Anhui provincial committee on economic affairs and trading and the aforementioned prefectural and city committees in this connection, visited a number of factories and enterprises, tried to understand the situation in the development and analyze the existing problems of 11 plants and companies including the Chang Jiang Electric Appliance Group Corporation and the Hefei Fork Lift Plant, and held discussion meetings with relevant plant directors and managers. We now summarize the situation as follows:

I. Some Enterprises' Good Experience in Developing Themselves

1. They attach importance to the role of science and technology in developing themselves.

Anhui is originally fairly backward economically and technologically. The scientific and technological standards of most of the factories and enterprises in Anhui are much lower than the world advanced level. Even compared with China's other provinces and coastal areas, Anhui also lags behind in the field of science and technology. This kind of situation has seriously hampered the development of some enterprises. After carrying out reform and opening up the country to the outside world, some enterprises in Anhui have realized the significant role of science and technology in developing themselves. In order to rapidly narrow the gap between their scientific and technological level and that of China's other provinces and the world, they have adopted the following measures:

a. They have imported and purchased a large number of suitable advanced technological equipment. According to a rough estimate of the resources of the 11 plants and enterprises, they have imported or purchased most of their technological equipment in China or from abroad. They imported 41 percent of such equipment from abroad, purchased about 38 percent of such equipment from domestic sources, and developed and manufactured about 20 percent of such equipment themselves. Naturally the import of technological equipment costs the enterprises a great deal, but it saves money in doing research and development. More important is the fact that it would save the enterprises the time in doing their own research and development and help them raise their technical and production standards within a short period of time. For example, the Hefei Fork Lift Truck Plant was built in 1958. It began to manufacture fork lift trucks from 1963. Up to 1982, the annual output of fork lift trucks was still approximately 100, the production quality was low, and there were not many varieties. In 1985, this plant and the Baoji Fork Lift Truck Manufacturing Company joined efforts to import the technology in manufacturing Japan's TCMI-10T balanced diesel-engine fork lift trucks. After six years of hard work to assimilate foreign technology and develop painstaking technical innovations, the production technology of the plant had reached the world level of the 1980's, and its annual output of such trucks rose to 3,400. Right now, the plant has maintained the highest record in history in terms of production value, output, total volume of sales, taxes and profits, earnings in foreign exchange and other norms in the manufacture of fork lift trucks. It ranks top among all fork lift truck producing plants in the country. Another example is the Chang Jiang Electric Appliances Group Company (formerly the Chang Jiang Refrigerator Plant). During the period of the Sixth 5-year Plan, its name was changed to the Chang Jiang Electric Appliance Group Company. It had developed on the foundation of an outmoded iron and steel plant in 1984. At that time, its technology was backward, and it was short of funds at all times. Later, the company to import a refrigerator

manufacturing technology from Italy with a loan of US\$3 million. By importing and assimilating such technology, it had improved most of its manufacturing technology to the standards of the late 1980's. It had also added one more production line by improving the imported technology and relying on their own efforts. Right now, about 10 percent of its products are medium and high-level technology-intensive, while 35 percent of its products are medium-level technology-intensive. It has also continuously raised its production efficiency. In 1992, its total output value reached 552.7 million yuan with a per-capita output value of 105,600 yuan. It turned over 36.08 million yuan of taxes and profits to the state during that year.

b. They have paid full attention to developing technical innovations.

Prior to reform and opening-up, the technological equipment of some of the enterprises in China remained outmoded in general, and their productivity low. Anhui was of no exception. In order to improve productivity of the existing enterprises, Anhui instilled new vitality into those old plants by encouraging "technical innovations." Let us take the Chang Jiang Electric Appliance Company as an example. Dissatisfied with the technical standard of the original production line for refrigerators, the company relied on its own technical forces to develop technical innovations on its existing production line, and trial-produced many new equipment such as the side panel production line, computerized thermometer production line, the bubbling production line and the painting production line. It modernized all its production facilities. Another example is the Tongling Film Plant. It had paid full attention to technical innovations since 1983. It imported a total of seven sophisticated production lines from Japan, Germany, Britain, Italy and other countries such as the induction foil production line, the inductionless foil production line, the metallization production line and the AC capacitor production line, and became the only enterprise in China's electronics industry, which produces "thin film—metallic film—thin film capacitor" by linking production, processing and marketing to form an integrated whole. Its advanced equipment and technology greatly helped improve production quality and productivity. Seven of its products won provincial prizes, while five of them won ministerial citations. One of its products won a national silver medal. It was rated as one the nation's Second Grade Enterprises in 1990. This old enterprise has many new features.

c. They have imported technology in the form of joint ventures.

By importing technology in the form of joint ventures, they have not only solved the problems of funds and technology, but also whipped up the enthusiasm of both sides of joint ventures which share profits as well as risks. Thus, production quality and economic performances of such joint ventures have been improved. For example, three companies including the Hefei Fork Lift Truck Plant and Japan's TCM Company established the

Andong Casting Company Limited in 1990. It has gone into operation now. Its production quality accords with the demands of the Japanese market. Its products are popular in Japan, thus changing the situation whereas fork lift trucks were only being exported to markets in the third world. Let us take the Chang Jiang Electric Appliance Group Company as an example again. In recent years, it made use of its land, factory buildings, public utility facilities, the abundant local natural resources and cheap labor to attract foreign investments and set up more than 10 Sino-foreign joint ventures and helped the advanced technology and equipment from foreign countries quickly play their role in increasing production and improving work efficiency.

2. They improve management and efficiency by relying on scientific management.

Strengthening management with a scientific approach involves all the departments in production and management. For example, the import, installation and testing of technological equipment and the opening of the market need management. It is necessary to manage personnel and financial affairs as well as material resources. Efforts must be made to control production quality and the distribution of profits. In short, only by managing the various activities of an enterprise with a scientific approach, will it be possible to help an enterprise develop itself and improve its production efficiency. All these enterprises which we had surveyed paid full attention to their work in doing scientific management through which they had improved their work efficiency to varying degrees. Their typical methods used are as follows:

The methods used by the Anhui Tire Plant are: A) Reform the management system and run the plant in a modern way; B) Improve its operating mechanism and its system of performance appraisal and clearly define the limits of the authority of the plant and each of its department and office; C) Improve its system of quality control and implement a system of veto power in this connection; D) Facilitate the flow of information for technology in production and for marketing, continuously develop new products and stop producing products that are technologically obsolete. The best way used by the Anhui Technology Import and Export Corporation in strengthening its management with a scientific approach is to link its efficiency with the benefits of its workers. As a result, it has whipped up the enthusiasm of all its workers and truly permitted its workers to participate in its management work.

The best way used by the Anhui Fork Lift Truck in carrying out scientific management is reflected in assimilating imported technology and improving upon it. A) It carefully studies the technologies to be imported, make good selections, and carry out its work well in negotiating and signing contracts. B) It also tries to get price quotations from different suppliers and ensures that the technology to be imported is not only suited to China's national conditions but also comparatively lower in price. In assimilating imported technologies, it has

ensured the supply of funds and strengthened administrative work in this purpose. (This plant has set up an office led by the plant director for assimilating imported technologies and developing technical innovations.) C) It vigorously strengthens its work in improving imported technologies and introducing new ideas, and pays full attention to users' feedback on its products. It also tries its best to improve those parts and accessories which fail to satisfy the needs of the users. In the course of assimilating imported technologies, it has actively developed new products. During the past six years in which foreign technologies were imported, the plant had marketed 34 new varieties of fork lift trucks.

Methods used by the Quanjiao Diesel Engine Plant are as follows:

A) It builds its workshops with a standardized scientific design.

B) In allocating its building funds, it gives higher priority to workshops and lower priority to office buildings. (The construction of its office buildings was postponed three times, because the funds earmarked for the building of office buildings were used to build workshops.

C) In production management, it follows a path of diversification, and continuously develops new products.

3. They attach importance to the role of the market.

Although the market belongs to the sphere of commodity circulation, it plays a significant role in promoting production. Enterprises must obtain their new technologies and equipment from the market. They must also attract scientific and technical personnel from the market. They must test on the market their new products which they developed with the new technologies. The value of their products must be determined by the market, while the consumers also use the market to send in their feedback to the enterprises. In short, enterprises cannot separate themselves from the market. All the enterprises in Anhui which are well developed scientifically and technically take the market as a guiding factor and pay attention to the role of the market. Let us take the Hefei Fork Lift Truck Plant as an example. On the basis of the needs on the domestic and international markets, it has imported the necessary technologies and equipment, and assimilated and improved upon them. Within a short period of few years, it has developed more than 30 new models of fork lift trucks which are readily marketable. Its export market has been diverted from the low-priced markets in the Third World to the medium and high-priced markets in Western Europe, North America and Southeast Asia. The number of fork lift trucks exported to Western Europe alone accounted for 78 percent of its total amount of exports in 1992. In order to consolidate and expand its markets of sales, it has maintained ties with 16 companies in 11 countries abroad and set up steady sales channels. It is also making preparations to set up assembly plants and sales and service centers abroad. On the one hand, this is aimed at establishing a channel for export on a long term basis. On the other hand, it is also

aimed at sending the information on foreign markets back to China and continuously producing readily marketable products. Again let us take the Chang Jiang Electric Appliance Group Company as an example. It has established an import and export department and set up offices in Hong Kong and other localities in charge of importing technologies and doing export work. All its products are market-oriented. It closely follows the needs of the market to change its models in order to satisfy the market demands. For example, the Anhui Tire Plant closely watches the famous brands on the domestic and foreign markets. It relies on its technologies to rapidly change the varieties of its products. Thus it is able to expand its market and continuously improve its efficiency. The total output value of the aforementioned three enterprises reached 1.15 billion yuan; and paid taxes and turned their profits to the state totalling 170 million yuan in 1992.

4. They pay attention to the role of professionally trained people

Men play a major role in the development of social activities and productive forces. They are indispensable in developing science and technology, managing enterprises with a scientific approach and opening up the market. Competitions in science and technology and in market are, after all, competitions for professionally trained people. Some enterprises in Anhui used favorable terms to attract professionally trained people; spend a great deal of money to train them; and respected, cherished and put them in various important positions. As a result, these enterprises have attained notable economic results and drawn benefits from their practice in cherishing professionally trained people. For example, the Hefei Washing Machine Plant was founded in 1984. At that time, it had only a handful of professionally trained people and poor production equipment. Its business was not so good. In 1986, it started to import technologies and equipment from Japan. However, it is necessary to rely on professionally trained people to make full use of advanced technologies and equipment. Only by doing so will it be possible to accomplish good economic results. Lack of professionally trained people means lack of technology. Thus, this plant made use of various favorable terms to attract professionally trained people and encourage them to work for the plant. The plant clearly spelled out the following favorable terms: 1) Housing will be provided to any college graduate during the first year when he or she is hired. His or her wage will be two grades higher than that offered by other plants. 2) The bonus issued to technical personnel is 20 percent higher than that to ordinary workers. These favorable terms had attracted a large number of professionally trained people. Right now, this plant has 211 technicians including 11 high-ranking technical personnel and 200 medium-ranking technical personnel, accounting for 0.5 percent and 10 percent respectively of the total number of workers in the plant. The total output value of this plant reached 230 million yuan and its per-capita output value totalled 140,000 yuan in 1992. It delivered profits and paid taxes to the state totalling 41 million yuan in

1992. The Hefei Fork Lift Truck Plant pays full attention to the training of qualified professionals. It sent out more than 100 people to Japan for training. When its cadres returned home from abroad, they brought back tools and reference materials instead of major home appliances. Another experience of the plant is that the training of qualified professionals must be three to four years ahead of schedule. Only by doing so, will it be possible to maintain a predominant position in technical management. Advanced technological equipment must be operated and handled by well trained technical personnel. Only by doing so, will it be possible to turn advanced technological equipment into actual productive forces and ensure the fine quality of the products.

II. Existing Problems in Developing Enterprises

The aforementioned plants have different ways in developing themselves, while they too have their own problems. These problems are even more outstanding in other backward enterprises in Anhui.

A. There exist problems and difficulties in enterprises

1. There is a shortage of engineers and technicians, seriously affecting the technical developments in various enterprises.

The aforementioned 11 plants are enterprises with a comparatively large number of scientific and technical personnel in Anhui. However, the number of their scientific and technical personnel only totals 2,165, accounting for 7.9 percent of the total number of workers. The percentage of high-technological personnel is even smaller—only 0.77 percent. This percentage is far below the requirement for a modernized enterprise. It is understood that the percentage of technical personnel in the total amount of workers is even smaller in other enterprises in Anhui. The shortage of scientific and technical personnel has made enterprises even more difficult to develop new technology, change new models, improve production quality and raise the added value of their products.

2. There are not enough investments in doing research and development work. This has seriously affected the enterprises' reserve strength for development.

In recent years, the aforementioned 11 enterprises spent 14.224 million yuan each year on research and development, a mere 0.53 percent of their total output value and 4.28 percent of the amount of their profits and taxes paid to the state. As compared with some enterprises in the developed countries, they spend much less on research and development. Right now, the more technically advanced enterprise, the greater attention it pays to research and development. This kind of enterprise believes that investments on machinery and equipment only affect its immediate interests, but research and development will affect its future. If our enterprises pay little attention to research and development, they would have little reserve strength for future development.

3. There is a great shortage of professionals in foreign trade. This hampers the enterprises in dealing with the world market.

China has implemented the reform and opening-up policy, delegated power to do foreign trade to the lower-level organizations, and encouraged enterprises to do business on the world market. However, there is a serious shortage of professionals in developing economic relations and trade with foreign countries. There are not many professionals who know foreign language, foreign trade and rules and regulations involving foreign countries. Let us take intellectual property rights as an example. Some enterprises ignore the need to legally protect their own patents and trademarks when they sign contracts on importing and exporting patented technologies. When they try to open up the international market, they lack information. They only seek to achieve the goal of pushing their products out of China and lower their prices to compete with others without paying attention to economic results. This practice has prevented them from advancing toward the international market.

4. The enterprises are under poor management.

The main symptoms are: a) The enterprise's business targets are not so clear. A considerably number of enterprises still regard the fulfillment of production tasks as their goal without giving top priority to the enterprises' economic efficiency and long-term and short-term profits. With regard to imported technologies and equipment, they are unable to assimilate them and make them yield economic results. Some of the equipment and facilities are left unused for a long time after they have been imported. Investments are high, but the output is low. b) Workers' responsibility, authority and benefit are not clearly defined. The system of everybody eating from the same big pot still exists, and the enthusiasm of workers including technical personnel has not been fully aroused. c) In some enterprises, there are a large number of workers, but the amount of profits and taxes turned to the state remains low. The enterprises even suffer losses for several years running. This runs counter to what the market economy demands. Market economy demands that enterprises change the way they operate, become market-oriented, pay attention to economic performances and give full play to the role of science and technology, manpower, material and financial resources.

B. The external environment affects the development of enterprises.

There are many external environmental factors which would affect enterprise development, but the major ones with direct impact on enterprise development are as follows:

1. The procedure in importing technologies is too complicated. Enterprises demand that they be given more power to manage their own affairs in importing technologies and that the government organization in charge of

the import of technologies perform more actual deeds and help enterprises solve specific problems in importing technologies.

2. Imports of technologies have often been duplicated or carried out blindly, wasting a great deal of foreign exchange.

3. Enterprises have not been truly given the power to manage their own affairs. The main symptoms are: a) Some of large and medium-sized enterprises do not have the authority to handle exports even now. They can only export their products through companies doing foreign trade. They do not understand the market abroad. Nor are they allowed to open up their market abroad. b) Even those enterprises with the authority to handle export business cannot take the initiative to export their products in accordance with the situation on the international market. If an enterprise fails to fulfill the task in exporting its products assigned by the higher authority, its authority to do export business will be revoked. c) There are too many restrictions for sending personnel to foreign countries. The procedure for examination and approval is too complicated, and it takes too long to go through this procedure. Restrictions on the use of funds approved are so strict that it is hard for the enterprises to adopt appropriate measures to keep up with the changes on the market. As a result, they often lose the chance of winning contracts.

4. The state fails to provide enterprises with a good environment for fair competition. For example, a) the Sino-Foreign joint ventures and cooperative and exclusively foreign-funded enterprises receive far more preferential treatments than ordinary enterprises. b) There are significant differences between the preferential treatments given to enterprises inside the development zone and those outside the development zone. c) The state treats enterprises which are included in the list of enterprises for technical renovations differently as compared with those not included in the list. Enterprises included in the list not only may obtain loans with preferential terms, but also may reduce or remit taxes. Those not included in the list not only cannot procure loans with preferential terms, but also must pay customs duties when they import machinery and production equipment. d) The dual price system is also an important factor leading to unfair competition among enterprises.

5. The rate of exchange for the yuan is too low, affecting the import of equipment from abroad. Although the lower rate of exchange for the yuan is conducive to expanding China's exports, it however increases the costs of imports and the enterprises' burdens in importing technological equipment.

III. Several Suggestions to Relevant Government Departments

1. It is necessary to give enterprises greater authority to manage their export business; allow enterprises with favorable conditions to directly compete with others on the international market; and help them understand the world market and timely adjust their products and

marketing and management tactics. Efforts must be made to ensure that enterprises with authority to handle exports truly have such power to export their products. Enterprises must have the power to decide whether they should export or not, what kind of products to export and the amount of their exports in accordance with the market situation.

2. It is essential to abolish the restriction on the minimum amount of goods that an enterprise must export. The practice of the government in giving enterprises assignments to export their products is actually a method of planned economy. It prevents enterprises from carrying out production and doing exports based on the principle of economic results. In order to fulfill their export targets, some enterprises have to export their products even at a loss, while others use yuan to purchase foreign exchange at a higher price so as to show the government that they have fulfilled their export targets. In order to guard against "poor business" in the next year, some enterprises deliberately kept their export figures low so that they might include these figures in the report when they really had some "bad years." In doing so, they would not likely lose their license to do export business because of their poor export business. Apparently, the aforementioned practice of some of the enterprises are erroneous. However, this is mainly because of the government decision to set export targets for the enterprises. Therefore, we must abolish the system of assigning a minimum quota for each enterprise to export its products, and truly permit enterprises to produce and sell their products according to the market situation.

3. It is necessary to simplify the procedure in importing technologies and that in examining and approving enterprises staff members's applications to visit foreign countries. The government department in charge of importing technologies must help enterprises do solid work and solve problems in importing technologies; and improve its services to the enterprises.

4. It is imperative to stabilize the exchange rate in order to maintain China's imports at the proper level. China is a developing nation with comparative low standards in science and technology. To moderately import advanced technological equipment to expand its scale in production is necessary in order to raise China's productivity and developing its economy. The yuan's rate of exchange with foreign currencies has a direct impact on the costs of imported goods. Therefore, only by stabilizing the yuan rate of exchange will it be possible to help enterprises import the right amount of technological equipment for themselves.

5. The government must create an environment for fair competition among enterprises. To develop a socialist market economy, we must do things according to market economic laws. Under no circumstances should we divide different areas and different enterprises into different groups, and work out different policies in dealing with each group. Efforts must be made to abolish

the dual price system and fundamentally plug the loopholes with which some enterprises or individuals use to undermine the policies of the state.

6. It is necessary to improve measures in importing and exporting technologies. The import of technological equipment is conducive to helping enterprises develop their production. Efforts must be made to give preferential treatments to enterprises in terms of import duties and loans. The export of technological equipment is aimed at optimizing the product mix and raising the added value of China's exports. Preferential treatments should be given to enterprises which may retain a portion of foreign exchange for their own use and wish to procure loans in order to encourage exports.

FINANCE, BANKING

Financial Business Automation Develops 'Rapidly'

94CE0374C Beijing ZHONGGUO XINXI BAO
in Chinese 7 Feb 94 p 1

[Article by Xu beiyong (1776 5563 4481): "Automation in China's Financial Circles Rapidly Develops"]

[Text] After making strenuous efforts for more than a decade, China has scored remarkable results in developing automation in its financial circles. The infrastructural facilities for automation in the financial circles have been increase in number. Right now, more than 150 sets of large- and medium-sized computers, over all 5,000 small- and super-microcomputers, nearly 70,000 sets of multi-user and single-user microcomputers, over 1,500 sets of computer-aided peripheral equipment have been installed for the use by various departments in China's financial circles.

With the rapid development of China's economy, the status and role of the financial circles have become more and more important, and there is higher demand for modernization. One of the important aspects is the use of electronic equipment. The strategic plan for to achieve automation in China's financial circles is as follows: preparations should be made during the Sixth Five-Year Plan, and the foundation laid during the Seventh Five-Year Plan. The scale for automation should be expanded during the Eighth Five-Year Plan, while the process of automation be completed during the Ninth Five-Year Plan. On the basis of this plan, China's financial circles have done a great deal of work. In addition to modernizing the equipment, a telecommunications network is gradually being built. The People's Bank of China is responsible to build the special-purpose satellite telecommunications network. It has already completed a main satellite earth station and 138 urban ground stations. In 1992 alone, the inter-bank system had used this network to handle more than 1.1 million transactions, totaling almost 1.2 trillion yuan.

Remarkable achievements have also been made in the development of software for automation in the financial circles. A large number of software packages have been

developed and used for the nationwide electronic inter-banking system, the city-wide system for check and fund clearing, the system for accounting transactions, the system for handling saving accounts, the city-wide inter-bank system for automatic deposits and withdrawal, the nationwide inter-bank system for reconciliation of statements of account, the system for handling various statements and reports and the interbank ATM processing system.

As a component part of China's modern payment system, the nationwide automation system for offering stock price quotations is under construction. The center and all its branches of the system will be a part of the special-purpose satellite telecommunications network of the financial circles to automatically offer stock quotations and deliveries and handle account clearances on the stock market.

In addition, modern automated service centers in the financial circles are being added. The number of such automated service centers has reached 25,000, accounting for more than 20 percent of the total number of service centers. Meanwhile, the number of credit cards issued by various banks has exceeded three million. Interbank ATM automatic deposits and withdrawal services are available in scores of cities. Various banks have also handled payroll and savings accounts on behalf of various government organizations and enterprises, collect utility bills and work as a part of the POS system [point of sales system].

China's automation system in the financial circles has already yielded tremendous social and economic results, accelerated the circulation of funds, helped the central bank strengthen its macro-control and improved the services of the banking industry. Within the ten years from the present moment to the beginning of the 21st Century, China will establish an up-to-date magnificent system of payments. In the next three years, it is necessary to complete the nationwide main network of satellite telecommunications, the regional networks connecting all the major cities in the economically developed areas along the Chang Jiang River and the Huang He and along the coast, and the city-wide networks. Efforts will be made to link all the systems of fund clearance at all levels throughout the nation into a major network. Meanwhile, we must set up and improve all kinds of systems concerning information exchange, fund transactions and price quotations on stocks and bonds, inter-bank loans and foreign exchange control; gradually put these systems to effective use; and raise the overall efficiency of the automation system in the financial circles.

Futures Market 'Develops Well'

94CE0374A Beijing ZHONGGUO XINXI BAO
in Chinese 18 Feb 94 p 4

[Article by reporter Xie Yanjin (6200 1484 3160):
"Futures Market Develops Well, as Its High Tide Swells
at First Time"]

[Text] What is the situation in the development of futures, a new form of trading in China? Recently Mr. Lu Jian, President of the International Futures Brokerage Company Ltd, of China, expressed his view on this question.

China's futures market has successfully gone through the difficult stage from theory to practice after the founding of the Shanghai Metal Exchange and the Shenzhen Exchange in 1992. However, China's futures market in 1992 was far from being perfect. It is still in its embryonic stage. Only the year of 1993 was the crucial year for development. During that year, the scale of the futures market had become much larger. The market had formed a network, covering various major cities throughout the country. Generally speaking, the development of China's futures market is as follows:

1. China's futures market is rapidly changing from spot trading and forward spot trading towards standard futures contracts. With the development of market economy, the share of futures contracts of the market is rapidly expanding. They serve as a definite supplement to the spot market.

2. The varieties of commodities on the futures market have considerably increased. When the Shanghai and Shenzhen stock exchanges were first founded in 1992, the goods for futures trading were only limited to non-ferrous copper. In 1993, they included grain, petroleum, sugar crops and even standard futures contracts for treasury bonds. This had diversified the varieties of commodities on China's futures market.

3. As far as every futures exchange is concerned, there are considerable varieties of goods offered at various new futures exchanges which have opened their doors since the second half of 1993. Let us take the Beijing Commodity Exchange as an example. Commodities offered at the exchange now include rolled steel and treasury bonds in addition to nonferrous metal. Even in futures exchanges which have been in business fairly early such as the Shanghai Futures Exchange, they have added rice, petroleum, diesel oil and others to the list of goods offered at their exchanges. This makes their offer of goods more diversified and comprehensive, and further expanded their scope of business.

4. From the point of view of market management, the membership of the futures exchange has also become more diversified. Most of the members of the futures markets in Shanghai and Shenzhen in 1992 were production units. The percentage of specialized brokerage companies in the membership rose in 1993. These specialized brokerage companies have played a significant role in helping China's futures market develop itself along the right track. For example, the International Futures Brokerage Company Ltd, of China has membership in the world's three famous futures exchanges only one year after its founding. This has winded up the history whereas China's futures trading has no place in the international futures market. Due to the tremendous

growth of China's futures market in 1993, people often call 1993 the "Year of Futures."

China's futures market is able to make remarkable progress within a short period of more than a year because of its solid economic foundation. China had officially established its market economic system in 1992, putting 70 percent of the producer's goods and 90 percent of the consumer goods on the market. This had pointed out the important role of pricing signals. Prices were relatively stable when the system of planned economy held sway in the past. However, under the conditions of market economy, prices of many raw materials and commodities fluctuate a great deal in different seasons and years. Therefore, enterprises and peasants are faced with many incalculable factors in the market economy and greater risks as compared with the past. How can they avoid such risks? The only method to avoid such risks is to protect their profits by hedging. Therefore, the emergence and development of China's futures market is something inevitable.

After a year of rapid development, China's futures market has entered the year of 1994. That does not mean that the market has slowed down. Mr. Lu believes that 1994 remains the "year of futures." He gives the following three reasons:

1. After China enters the 1990s, it has maintained a high rate of economic growth. Its rate of economic growth is expected to reach 12 percent in 1993. It can still maintain a growth rate between 10 and 12 percent. Even if there will be some fluctuations in the next several years, such ups and downs would only affect the rate of growth. The overall trend will be characterized by a sustained growth. The development of the futures market is closely linked with the rate of economic growth, because economic growth means the expansion of investments and trading. Therefore, we may say that in 1994, China's futures market will still witness a year of growth and improvement in 1994.

2. In the course of macro-economic control during the second half of 1993, various enterprises once against suffered from new chain-debts. They owed each other money, scrapped contracts and cheated each other. Therefore, many production and supply and marketing enterprises incurred heavy losses in spot trading and forward spot trading. This was mainly because underground spot trading and the illegal practices in handling transactions. The system of open outcry, the signing of standard futures trading contracts and the system of floor trading have enhanced the transparency in doing futures trading and protected the prestige of all traders. Meanwhile, investors may engage in trading by paying a small amount of margin only. Thus, they may be able to control a large amount of commodities with a small amount of money. Moreover, the implementation of standard futures contracts has helped solve the problem of transportation for spot trading and made things convenient for the enterprises to do trading. Therefore, more production, supply and marketing enterprises have participated in doing futures trading since the beginning

of 1994. This is an inevitable trend in the course of developing market economy.

3. Only when the futures market established in 1993 enters the year of 1994, will it be possible for all its members to play their role well. After a certain period, China's futures market is no longer able to meet the needs of its members in doing futures trading. From this point of view, the development of the 1994 futures market is a continuation of the progress made in 1993.

As a new event in the development of market economy, China's futures market is still faced with some problems at the present moment.

Currently, a considerable number of futures brokerage companies in China's coastal regions and some major cities in China's inland provinces, which have the experience of handling futures trading in Hong Kong and Taiwan, carry out fraudulent activities that run counter to the principle of open trading. For example, they often mislead their clients by providing them with wrong information, and make illegal profits. This had seriously harmed the interests of the investors.

Nevertheless, we must not doubt the future prospects of the futures market because of this. In order to further improve China's futures market, the relevant departments of the state must work out administrative rules and regulations and laws on futures trading, and make the control of futures trading a regular system and procedure.

In addition, it is necessary to set up a government-recognized authoritative association for futures trading and implement a membership system. Efforts must be made to enforce a system under which all futures brokers must take a standardized test to ensure their competency. Right now, the method has already gone into effect.

Consequently, it is expected that China's futures trading will take on a new look in the near future.

Financial Markets Continue To Flourish

94CE0374B Beijing ZHONGHUA DISAN CHANYE
BAO in Chinese 7 Feb 94 p 3

[Article by Xin Hua (6580 5478): "Flourishing Financial Markets—A Sign of Initial Growth"]

[Text] China's financial market system has gradually taken shape since 1984. In general, it started from handling check discounts and later expanded its businesses to inter-bank loans and buying and selling of foreign exchange. The securities market emerged at a later date. Recently the satellite telecommunications network for the financial circles has been established. Right now, a total of 138 ground stations have been built. Each day, transactions exceeding 1.1 billion yuan in total have been handled by the network. A preliminary operational system for the financial market is composed of "two stock exchanges and one network" (The Shanghai Stock Exchange and the Shenzhen Stock Exchange and the nationwide information network for

stock price quotations) and the money market, the securities market and the foreign exchange regulation market.

I. Money Market

On the basis of different business scopes and various forms of financial assets, China's money market may be divided into the market of inter-bank loans, the market of short-term financing to various enterprises and the market of transferable certificates of deposit of large denomination. Right now, the market of inter-bank short-term loans is fairly active.

The main task of the market of inter-bank loans is to help banking institutions obtain short-term loans from each other to mainly make up the insufficient reserve funds for the deposits and the differences in check clearing and to meet the needs for fund circulation of a temporary nature. Since the reform of credit control in 1984, markets of different forms and scales have been set up in various localities throughout the country for inter-bank loans, preliminarily forming an inter-regional and inter-departmental financing network with the major cities as its bases. Meanwhile 120 money markets have been set up in Beijing, Shanghai, Tianjin, Shenyang, Xian and Wuhan to handle national and regional inter-bank short-term loans. In recent years, the amount of inter-bank short-term loans was about 300 billion yuan each year.

The market of short-term fund-raising bonds was officially open to the public in March 1989 after experiments were carried out in this connection at the end of 1987. Banks and other financial institutions often sell such bonds on a commission basis for the various bond-issuing enterprises. A few of them have exclusive rights to sell certain bonds. At the end of 1992, the total value of such bonds had reached 17 billion yuan. According to the regulation, short-term fund-raising bonds issued by various enterprises are transferable right after they are floated. However, only a small amount of them are actually being transferred.

The issuance of transferable fixed-term certificates of deposits is limited to various specialized and multipurpose banks. Prospective buyers of the certificates are usually individuals and enterprises and institutions in urban and rural areas. Such certificates should be purchased with people's own money or the enterprises' or institutions' own funds. They are transferable on the market as soon as they are issued.

II. Securities Market

Since China issued its treasury bonds in 1981, the securities market has rapidly grown with the continuous development of the economic system and particularly at a time when the enterprise system is changing from an unitary economic system to a share-holding one and the financial system is changing its practice of making up its deficits by taking out overdraft or borrowing from the banks to one of directly raising funds from the society.

The current situation shows: (1) There are many kinds of securities on the market. Right now, there are more than ten types of bonds including the treasury bonds, financial bonds, bonds for the state major construction projects, state construction bonds, special-purpose bonds, value-protected bonds, enterprise bonds and stocks. (2) The market of securities has begun to take shape. The total value of securities floated by the state totalled 50 billion yuan in 1988, more than doubling the value of securities issued in 1987. The total value of securities floated by the state totalled 115 billion yuan in 1991, once again doubling the value of securities issued in 1988. The total value of bonds and stocks of various kinds in China was close to 400 billion yuan Renminbi in 1992. In 1993, the state planned to issue bonds and stocks at a value equivalent to approximately half of the amount of annual savings of all the rural and urban residents in the country. (3) Securities are being issued in different forms. Some of the financial institutions do sales promotion themselves to sell the bonds they have issued, while some enterprises entrust other financial institutions to sell their bonds. Other enterprises adopted the method of free subscription while promoting the sale of bonds with administrative measures. The practice of apportioning people to buy state bonds has been abolished. (4) The issuance of securities has been made a regular system. The issuance of bonds and stocks has been carefully screened and approved each year and a tranche policy adopted to control the issuance of such bonds and stocks.

The situation of the stock trading market is as follows: (1) Right now, there are more than 1,200 securities trading departments in the country. There are markets for the transfer of securities in over 100 cities and secondary markets for selling and buying state treasury bonds in more than 60 cities. (2) The amount of trading on the securities market is sharply rising. The total amount of all types of securities on the market in 1990 was valued at 13.7 billion yuan, that in 1991 at 15 billion yuan and that in 1992 at 200 billion yuan, of which the stock exchanges in Shanghai and Shenzhen play the most important role. In addition, the Nanfang Securities Company in Shenzhen works in concert with the Huaxia Securities Company in Beijing and the Guotai Securities Company in Shanghai. They stand like the three legs of a tripod, quickening the pace in forming a unified nationwide market for the selling and buying of securities.

III. Foreign Exchange Regulation Market

Right now, the foreign exchange regulation market is rapidly expanding. According to statistics, the volume of business on China's foreign exchange regulation market in 1987 totalled US\$4.7 billion. This figure rose US\$6.25 billion in 1988 and US\$13.1 billion in 1990. It reached as high as US\$25.1 billion in 1992, about half of the total amount of foreign exchange used to pay for China's imports in that year. This indicates that China has paid attention to using the market mechanism to regulate the supply and demand of foreign exchange.

INDUSTRY

Bureau Issues Mar Light Industry Output Figures

HK1204130894 Beijing CEI Database in English
12 Apr 94

[Text] Beijing (CEIS)—Following is a list of the output of China's light industry in March 1994, released by the State Statistical Bureau:

Item	Unit	3/94	3/93
Bicycle	10,000s	376.57	357.80
Sewing machine	10,000s	67.56	71.41
Watch	10,000	2715.77	768.15
Camera	10,000s	160.96	42.48
TV set	10,000s	244.59	256.90
Color TV	10,000s	134.92	118.99
Video recorder	10,000s	15.72	5.00
Radio	10,000s	242.97	241.37
Tape recorder	10,000s	481.13	226.57
Hi-fi	10,000pc	69.70	19.09
Washing machine	10,000s	97.93	72.66
Electric fan	10,000s	662.62	617.88
Refrigerator	10,000s	71.26	48.55
Freezer	10,000s	29.05	32.18
Air conditioner	10,000s	50.84	25.99
Vacuum cleaner	10,000s	15.19	7.90
Electric cooker	10,000s	133.97	112.60
Sugar	10,000t	86.22	128.27
Salt	10,000t	83.07	78.99
Cigaret	10,000c	294.21	293.58
Beer	10,000t	103.43	100.28
Liquor	10,000t	44.39	46.64
Canned food	10,000t	15.19	14.06
Dairy products	t	27422.95	33214
Feed	10,000t	238.08	282.52
Machine-made and kraft	10,000t	133.75	130.91
Newsprint	10,000t	5.69	5.17
Relief Printing Paper	10,000t	4.71	5.65
Synthetic Detergent	10,000t	19.39	17.95
Daily fine aluminium products	t	9132.92	6388.00
Plastic products	10,000t	56.06	42.64
Farming film	10,000t	6.05	6.41

Notes: s—set, pc—piece, t—ton, c—carton, m pc—million piece

Bureau Issues Mar Main Chemical Products Output Figures

HK1204131094 Beijing CEI Database in English
12 Apr 94

[Text] Beijing (CEIS)—Following is a list of the output of main chemical products in March 1994, released by the State Statistical Bureau:

Item	Unit	3/94	3/93
Chemical fiber	10,000t	21.57	18.96
Sulphuric acid	10,000t	18.64	15.02
Dense nitric acid	10,000t	2.93	3.94
Soda ash	10,000t	48.99	44.03
Caustic soda	10,000t	33.71	33.15
Ethylene	10,000t	19.14	18.02
Calcium chloride	10,000t	21.32	20.38
Pure benzene	10,000t	7.76	6.98
Synthetic ammonia	10,000t	202.79	196.29
Chemical fertilizer	10,000t	198.58	187.21
(Nitrogen)	10,000t	148.71	139.24
(Phosphorous)	10,000t	42.97	45.97
(Potash)	10,000t	2.02	1.51
Chemical pesticide	10,000t	2.60	3.00
Paint	10,000t	8.23	9.63
Dyestuff	10,000t	1.48	1.74
Chinese patent medicines	10,000t	2.19	1.98
Tyre	10,000pc	543.05	565.52
Synthetic rubber	10,000t	4.90	3.86
Film	10,000m	394.90	759
(Color film)	10,000m	316.30	728
Plastics	10,000t	31.04	29.55

Notes: t - ton, pc - piece, m - meter

March Statistics on Industrial Output Value by Area

HK1304105594 Beijing CEI Database in English
13 Apr 94

[Text] Beijing (CEIS)—Following is a list showing the industrial output value by area in China in March 1994 released by the State Statistical Bureau:

Area	(Unit: 100 million yuan)		
	3/94	3/93	Change Over 3/93 (pc)
National total	3409.04	2869.36	18.8
Beijing	97.65	81.49	19.8
Tianjin	78.51	69.17	13.5
Hebei	128.24	111.17	15.4
Shanxi	56.60	53.99	4.8
Inner Mongolia	29.63	26.64	11.2
Liaoning	181.87	161.39	12.7
Jilin	61.75	58.04	6.4
Heilongjiang	82.49	80.33	2.7
Shanghai	239.89	210.08	14.2
Jiangsu	519.38	416.08	24.8
Zhejiang	239.73	194.06	23.5
Anhui	96.38	79.60	21.1
Fujian	84.08	65.48	28.4
Jiangxi	61.23	51.98	17.8
Shandong	341.27	243.23	40.3
Henan	130.26	107.45	21.2
Hubei	138.16	122.32	12.9
Hunan	83.03	76.48	8.6
Guangdong	341.98	276.68	23.6
Guangxi	61.70	53.97	14.3
Hainan	7.15	7.17	-0.3
Sichuan	162.97	145.54	12.0
Guizhou	23.16	22.46	3.1
Yunnan	46.37	41.87	10.7
Tibet			0.02
Shaanxi	49.85	46.76	6.6
Gansu	29.31	28.87	1.5
Qinghai	5.73	5.48	4.6
Ningxia	7.98	7.51	6.3
Xinjiang	22.67	24.07	-5.8

"Note: Industrial output value in 1994 is measured in 1990's constant yuan."

March Mechano-Electronic Output Figures HK1204130994 Beijing CEI Database in English 12 Apr 94

[Text] Beijing (CEIS)—Following is a list of the output of China's major mechano-electronic products in March 1994, released by the State Statistical Bureau:

Item	Unit	3/94	3/93
Power equipment	10,000kw	137.13	111.51
AC motor	10,000kw	430.84	508.12
Industrial boiler	ton	4930.60	6417.00

Machine tool	10,000set	1.86	2.87
Including:			
NC machine tool	set	552.00	873
Precision machine tool	set	67	130
Large machine tool	set	320	382
Automobile	10,000	12.55	12.24
Including:			
Bus	10,000	0.77	0.96
Car	10,000	2.33	2.00
Truck	10,000	6.30	5.52
Motorbike	10,000	34.17	24.91
Tractor(20hp/above)	10,000	0.51	0.51
Small tractor	10,000	11.95	12.07
Locomotive	set	88	72
Including:			
Diesel	set	68	55
Steam	set	1	2
Electric	set	19	15
Passenger coach	set	206	227
Freight wagon	set	3718	2970
Internal combustion engine	10,000kw	897.28	1070.10
Fishing ship		-	6
Civil steel ship	10,000ton	23.86	21.19
Computer	set	11	20
Microcomputer	set	7058	5769
Color crt	10,000	112.95	59.50
Program-controlled switchboard	10,000 set	77.01	64.92

Labor Productivity Improves in Nonferrous Industry

94CE0352 Beijing JINGJI CANKAO BAO in Chinese
23 Feb 94 p 1

[Article by Reporter Yu Huiyin (7411 6540 7299)]

[Text] In 1933, the output of 10 types of nonferrous metals commonly used in China totalled 3.26 million tons, an increase of almost 10 percent over production for the previous year, and met its original quota of 3 million tons set for 1995 two years ahead of time. What is more outstanding is the fact that this was accomplished in face of organizational restructuring and a close to 10 percent reduction in the work force that was diverted.

The annual output of nonferrous metals in China grew from an annual output of 13,000 tons during the early years of the Liberation to almost a million tons annual

output within 30 years to reach its first step. During the next ten years, from nearly a million tons annual output, the industry grew at an annual rate of 7.5 percent to reach the second step marked by an annual output of 2 million tons. From the second step to the third step of 3 million tons annual output, the industry only took five years, growing at an annual rate of 10 percent. Not only did production show rapid growth, the supply of ore resources also continued to be structurally adjusted in accordance with market demand. When market demand was great, the output of aluminum (an abundant resource in China) rose from its already great proportional share of 31.2 percent of the nonferrous metals produced on the second step level to 38 percent. Growth of its absolute output was so great that it had reached 1.22 million tons per annum. As the international market looked encouraging, the output of zinc, which is also assured in China, also rose from its proportional share of total output, from 20 percent to 23 percent.

China's nonferrous industry, as a "traditional" industry has the disadvantage of being a single industry utilizing too many workers. Last year the head office for the nonferrous industry diverted the work force in a move to reform the inner structure of enterprises by changing their mode of operation throughout the whole system to increase productivity. They obtained good results. According to statistics from last year's annual report on worker wages, the number of workers in the system under the head office in 1993 was fewer than the number for 1992 by more than 70,000, but productivity was increased by 11.5 percent. Income per capita, after adjustment for inflation on goods sold, rose 7.85 percent over the previous year's figure.

After some study and discussion, the Xinan [Southwest] Aluminum Processing Plant separated 12 production subsidiaries and service units from itself. Reorganized and given a social orientation, these units were economic entities that served the plant at the same time. This move separated 2,473 persons from the parent plant. At another group of large enterprises including the Tongling Co., the Yunxi Co., the Guizhou Aluminum Plant, the Shenyang Ore Refining Plant, the Daqing Bureau of Mines, the Jiangxi Copper Company, the Lanzhou Aluminum Plant etc., work force diversion and new enterprise creation were coordinated, whereby the separated workers developed new kinds of start-up business entities. According to statistics from the 838 economic entities completely separated from their parent companies, income from their operations last year grossed 2.7 billion yuan, of which 100.8 million yuan was realized interest tax, and 90 million yuan was net profit.

FOREIGN TRADE, INVESTMENT

Comparing Development Models for Tumen Jiang
94CE0387A Beijing SHIJIE JINGJI [WORLD
ECONOMY] in Chinese No 12, 10 Dec 93 pp 27-31, 65

[Article by Xia Youfu (1115 0645 1381) and Huang Xueqi (7806 1331 3825): "Comparing Development Models for Tumen Jiang"]

[Text] Development and cooperation in the Tumen Jiang region has been a much-examined and much-discussed topic both among countries in northeast Asia and at the United Nations Development and Planning [UNDP] in recent years. One can think of eight models for achieving development and cooperation in the Tumen Jiang region. To achieve the goal of development and economically vitalize the region and the entire northeast Asia, we must do a careful study, compare the various cooperation models, and select the best. The Tumen Jiang development region can be defined on three levels. On the first level is the Tumen Jiang small-triangle development zone, also known as TREZ, made up of a 1,000-square kilometer area of land including Jingxin in China, the southern Hasang area in Russia, and the Luojin and Xianfeng areas in North Korea. On the second level is the Tumen Jiang greater-triangle development zone, also referred to as the Tumen Jiang economic development area [TEDA]. It is about 10,000 square kilometers in area and includes Yanji in China, the greater Vladivostok economic region in Russia, and Qingjin in North Korea. On the third level is the Northeast Asia Development Area [NEARDA], encompassing northeast China (Jilin, Heilongjiang, and three banners and one city in Inner Mongolia), the Russian Far East, North Korea, South Korea, Mongolia, and Japan. This article focuses on cooperation models for the Tumen Jiang small-triangle development zone in hopes of identifying the best model to transform the region into an enormously powerful development magnet, which, in turn, would be the engine to drive the development of TEDA and NEARDA in the course of time through the ripple effect.

1. The Necessity and Criteria of Choosing the Best Model

1) Necessity a) Broadly speaking there are eight cooperation models for the development of the Tumen Jiang development zone: unilateral development zone, bilateral coordinated development zone, trilateral coordinated development zone, functional cooperation, multinational economic cooperation zone, management by a multinational consortium or multinational corporation, three-nation joint management, and UN administration. These are the objectives of developing the Tumen Jiang region. First, spur the development of the economy of the development zone; second, tap the zone's development potential, and fully exploit the complementariness of the resources of the various nations so that they are allocated optimally; and third, build the development zone into a powerful development magnet to fuel the development of northeast Asia as a whole. The several nations involved do not completely see eye to eye when it comes to development objectives. China hopes that a developed Tumen Jiang would power the economic take-off of its northeast. Russia looks to it to fuel the development of its Far East and lead the charge of its Asian Pacific economic and trade strategy. North Korea expects it to jump-start economic development in its several northwestern provinces. South Korea wants it to do the same for its eastern coastal area and hopes to

make full use of the complementariness of its resources and captures the market in the region. Japan hopes that it will further the development of its western coast. It too expects to fully utilize the complementariness of its resources and corner the market in northeast Asia. As for Mongolia, it sees Tumen Jiang as another trade shortcut. Depending on the model we pick, these various objectives will be achieved to different extents. Hence we need to do a careful comparative study and select the one which would lead to the achievement of all these objectives.

b) The models also produce different results. Some yield short-term benefits. Others satisfy a limited number of national objectives. Yet others meet all objectives in the long haul. It is imperative, therefore, that the best model be selected.

c) The complexity of development and cooperation in the zone requires that we carefully choose the best model. The region is one of the most complex, most diverse in the world, as demonstrated by its 1) political complexity, 2) economic diversity, 3) legal complexity, and 4) managerial difficulty.

2) The Criteria of Model Comparison and Selection a) Conduct a qualitative evaluation of the models from the macro strategic high plane. The qualitative evaluation system should consist of six criteria—politics, economics, dissemination effect, its ability to attract foreign capital and technology, management, and law.

b) Carry out empirical research on the models through case studies, using international experiences.

c) Identify the model acceptable to all parties by conducting feasibility studies.

2. Defining Various Models

Depending on the closeness of cooperation among the various countries, the models can be divided into three broad categories: loose cooperation, semi-close cooperation, and close cooperation.

1) Loose-cooperation models Under a loose-cooperation model, China, North Korea, and Russia each set up a development zone in neighboring areas in the Tumen Jiang region. There is very limited cooperation in some fields, with each country creating its own comprehensive economic development zone characterized by loose cooperation. Specifically, the three nations each establish a comprehensive economic development zone in adjoining areas in the region. By fully exercising their respective sovereignty, the three nations each formulate their own policies to meet the requirements of their comprehensive zones. In particular, they decide on their own what preferential policies to offer to foreign investors. There is some form of low-level cooperation and coordination in some policy areas, but each nation has its own development zone management committee to run the zone.

Specific examples of a loose-cooperation model: Model A: unilateral economic zone. Under this model, China,

North Korea, and Russia each set up an economic zone in neighboring areas in the Tumen Jiang region based on their own national interests and aspirations. They run the zones separately on their own and there is no well-defined cooperative relationship or coordination among them. Specifically China has created an economic development zone in Hunchun. To develop Siberia and its Far East, Russia has set up a free economic development zone in the Hasang area in Nahuodeka. To attract foreign capital, North Korea has also created a special economic zone on Hashan Island in Xianfeng Prefecture. They have their own development zone management committees. Each zone has its own regional development plan, a policy to attract foreign capital, and other policies. There is only routine trade among the three development zones, along with border trade and border trade on a very modest scale. Nor have the three nations taken joint measures to develop the local economy by drawing up an agreement, for instance.

Model B: Bilateral coordinated economic development zone. Under this model, the three nations each set up an economic open zone in neighboring areas in the Tumen Jiang region. China concludes a bilateral agreement with North Korea and Russia separately. There is a limited degree of coordination in policy matters as well as some cooperation in certain fields through the establishment of a bilateral coordinating committee, forming an economic development zone characterized by loose bilateral cooperation and coordination. Specifically, China, North Korea, and Russia each set up a development zone in neighboring areas in the Tumen Jiang region. China enters into a bilateral cooperative agreement with Russia and North Korea separately. It sets up a development zone ministerial-level committee with the two countries, again separately. The committee meets once a year to discuss major matters of coordination and cooperation. In addition, a bilateral coordinating committee is created to coordinate cooperative activities. Nevertheless, the major decisions are still made by each nation. The characteristic of this model is that ownership and the right to use are merged. Each nation retains absolute sovereignty. The basis of coordination is the bilateral agreement, yet no such agreement exists between Russia and North Korea.

Model C: Trilateral coordinated economic open zone. Under this model, China, North Korea, and Russia each set up an economic open zone in adjoining areas in the Tumen Jiang region. The three nations sign an agreement setting up a trilateral coordinating committee to coordinate policies and other matters to a certain extent, forming an economic open zone characterized by loose coordination and cooperation. Specifically the three nations each set up their own economic development zone and all three are parties to a coordination and cooperation agreement. A trilateral ministerial-level committee is set up, along with a trilateral coordinating committee to carry out coordination. What you have

under this model is still loose coordination and cooperation. Ownership and the right to use have not been separated. The basis for coordination is a trilateral agreement.

2) Semi-close cooperation models

Under a semi-close cooperation model, the three nations each set up an economic open zone in neighboring areas in the Tumen Jiang region by exercising their sovereignty and cooperate more closely in certain fields or in the planning and development of the region as a whole. Specifically the nations each set up an economic development zone in the Tumen Jiang region, sign a trilateral agreement, and set up a three-nation ministerial-level coordinating committee and a three-nation coordinating committee. The three countries cooperate more closely in certain fields, in the formulation of some policies, and in the development of the entire regional economy.

Specific examples of a semi-close cooperation model:

Model D: functional cooperation. China, North Korea, and Russia each set up an economic open zone in neighboring areas in the Tumen Jiang region and sign an agreement under which they are to cooperate relatively more closely in some fields that will shape the long-term development of the whole region, such as communication and transportation, energy, environmental protection, tourism, agriculture, and tariffs. Specifically the three nations each set up their own development zone and enter into an agreement specifying the fields of cooperation. A ministerial-level committee and a coordinating committee are set up. In some fields, eg., transportation, energy, and environmental protection, a corporation is set up. In others, such as tourism, a promoting committee is set up. A number of preferential policies are adopted to attract foreign capital to finance development in the selected fields. Resources are allowed to circulate freely in the field concerned.

Model E: multinational economic cooperation zone. By exercising their political sovereignty, the three nations, namely China, Russia, and North Korea, sign a cooperation agreement setting up a unified multinational economic open zone and carry out relatively close cooperation on the economic front. Specifically, the three nations sign an agreement creating a multinational economic cooperation zone in adjoining areas in the Tumen Jiang region. A "Tumen Jiang multinational economic cooperation law," which must not violate the constitutions of the three nations, is adopted as the basic law of the zone. There is a single unified fiscal policy, tax policy, and monetary policy in the zone. Tariffs are unified. A free trade zone, perhaps even tariff alliance, is set up. A favorable investment climate is created to attract foreign capital and technology. Resources are allowed to circulate freely within the zone to take advantage of their complementarity. The market system reigns supreme within the zone. A three-nation ministerial-level committee exists to handle major matters.

Underneath it is a multinational economic zone management committee, an executive body in charge of the unified planning, leadership, and management of the zone.

Model F: management by a multinational consortium or corporation. This carries the multinational cooperation zone model one step further. A multinational corporation leases the land use right to a piece of territory where the three nations abut one another, forming an economic development zone characterized by multinational cooperation through unified planning, investment, and management. Specifically a multinational economic cooperation zone is set up in accordance with an agreement. The multinational consortium or corporation leases the land use right to a piece of land in the Tumen Jiang region where the three nations abut, with ownership remaining in the hands of the three nations. When the land use right lease expires, it may be extended if necessary. A management committee exists to carry out unified planning and management. As far as tariffs are concerned, a free port policy is followed. A number of other preferential policies are also offered. The leading industry in the multinational economic zone is banking and trade, with the zone ultimately becoming a banking and trade center in northeast Asia. This model is characterized by the separation of ownership and use-right, but the three nations still retain sovereignty.

3) Close-cooperation models

To fully achieve the development objective of the region, China, Russia, and North Korea sign a trilateral or international agreement setting up an integrated Tumen Jiang cooperation zone. They engage in close cooperation on issues relating to the zone's overall development. The cooperation zone is quasi-national in nature and practices political, social, and economic integration for an extended period of time (anywhere from 50 to 100 years, for stance). A case in point is Hong Kong. Specifically the three nations sign a trilateral or international agreement setting up an integrated cooperation zone. By adopting a "special law on the integration of the Tumen Jiang region," the legislatures of the three nations approve the establishment of an integrated Tumen Jiang cooperation zone for a set period of time (say, from 50 to 100 years) in order to develop the region. The zone is quasi-national in nature. It has a committee composed of the heads of government which meets regularly and handles major issues. There is also a development zone special management committee, an authoritative body in charge of the unified planning, leadership, and management of the zone. Special policies apply in the zone. While the territory of the zone belongs to the three nations, no nation can unilaterally exercise sovereign control over its portion of the zone during its predetermined duration. Resources can circulate freely within the zone. It is a free trade zone and an export processing zone. It is a tariff union as well as economic union. It is authorized to issue a freely convertible special zone currency and offers preferential incentives to attract foreign capital and technology. The zone also has a

special assembly whose primary responsibilities are legislation and supervising the zone's administrative officers in the discharge of the latter's duties and functions. The zone's diplomatic and defense matters are handled through consultation.

Specific examples of a close-cooperation model:

Model G, three-nation joint management. The three nations sign a cooperation agreement setting up an integrated Tumen Jiang cooperation zone to effect political, economic, and social integration for a prolonged period of time. The zone is run by a mixed three-nation joint management committee. Specifically, in addition to the above description, the following points need to be noted. The three nations sign a trilateral agreement. A committee consisting of the heads of government of the three nations is set up. Also established is a special mixed management committee comprising representatives from the three nations to run the zone jointly.

Model H: UN administration. Under the auspices of the United Nations, the six [as published] nations of China, Russia, North Korea, Japan, and Mongolia sign an international agreement setting up an integrated special cooperation zone where these six nations abut one another in the Tumen Jiang region. A "special law on the Tumen Jiang integrated special cooperation zone" is passed by the pertinent legislative bodies and the United Nations is entrusted to be solely responsible for its administration. Specifically, under the auspices of the UN, the six nations sign an international agreement setting up an integrated Tumen Jiang special cooperation zone. The pertinent legislative bodies adopt a "special law on the Tumen Jiang integrated special cooperation zone" and authorize the UN to be solely responsible for administering it. The United Nations sets up a regional development special committee directly answerable to the secretary general. The committee selects experts to form a "Tumen Jiang experts management committee" to take charge of the zone's unified planning, leadership, and management. There is also a committee composed of the UN secretary-general, the executive director of the regional development special committee directly under the secretary-general, as well as the heads of government of the nations involved. The zone adopts special preferential policies to attract foreign capital and technology and issues a freely convertible Tumen Jiang currency. Its exchange rate follows the exchange rate of the special drawing rights (SDR's). The distribution of interests and disputes arising therefrom are resolved by the United Nations and the six nations through consultation, with the United Nations holding the ultimate arbitration power. Diplomatic affairs are worked out through consultation. Territorial sovereignty remains in the hands of the three nations. Defense and public security responsibilities are carried out by UN peacekeeping forces.

3. Comparing the Eight Models

1) **Model A Pros:** Relatively amenable to realizing the wishes and aspirations of an individual nation.

Extremely low initial exchange costs, which means that an economic open zone can be set up in no time. Legal and policy coordination can come about readily.

Cons: Cannot achieve the basic objectives of developing the region, fully exploiting the zone's absolute or comparative advantage, or bringing about the complementarity of resources. Economies of scale unobtainable. Large-scale infusion of foreign capital hampered by the political system, legal system, level of economic development and policies of the nation in question and other constraints. Hard to build up a lead industry. The fact that each nation solves its environmental and other problems on its own presents enormous difficulties.

In the real world, each nation has set up its own economic development zone, but only of a very elementary variety. Foreign capital is cautious about entering Russia what with its current political instability. It still has a long way to go before completing its transition to a market economy and its economic mechanism operates in a most haphazard manner, which gives foreign capital pause. The infrastructure in the Russian far east is backward and there is a shortage of managerial personnel. Foreign-funded enterprises already there cannot operate properly. The legal system is unsound and incomplete, with administrative orders often filling the void. The result is a high degree of unpredictability. Furthermore, the Russian-Japanese territorial dispute is an impediment to the large-scale entry of Japanese capital into the Russian Far East. Thus, domestic investment and the vitalization of existing relations alone will not be able to lift the economy of Russian far east and those of Asian Pacific nations to a higher level of mutually beneficial interaction. Among the various nations in northeast Asia, the North Korean economy is most backward and the least open. It has a tenuous economic relationship with Japan and began trade and economic ties with South Korea only two or three years ago. The channels of economic exchange and trade between North Korea and other nations are narrow and, to a certain extent, stagnant. Despite the establishment of an economic zone on Hsashan Island, the possibility of attracting foreign capital on a large scale is extremely remote. China, too, has its own problems: a backward infrastructure, an incomplete legal system, inefficiency, and a shortage of senior managerial personnel.

2) **Model B Pros:** conducive to bringing out the complementarity of the resources of the two sides involved. Initial exchange costs low; good chance of reaching an agreement; may strengthen bilateral relations; may serve common economic interests through bilateral cooperation.

Cons: This model still falls short of achieving the basic objective of developing the region. Bilateral forces not enough of an engine to fuel the development of the region; the free circulation of resources is impeded, their complementarity not fully exploited; there is only limited complementarity between the resources of

China and those of North Korea; cannot reap the benefits of economies of scale long term; the different interpretations of the institutions and policies of the various nations and different expectations about the future preclude a large infusion of foreign capital; immense difficulties in reconciling one system of law with another and one policy with another, and in coordinating the distribution of interests; the extent of economic cooperation within the zone is modest, complicating further development.

This model is fairly acceptable to the three parties. Thus far all three have made some move on this front. China and Russia, for instance, have set up a common market in a number of localities.

3) Model C Pros: marks the first step toward achieving the basic objective of cooperation and development in the zone; economies of scale much more substantial than under the previous two models; helps bring out the complementariness of resources to a large extent; helps improve relations among the three parties. Initial exchange costs also quite low, albeit they tend to go up subsequently.

Cons: hard to coordinate the laws and policies of different nations because of conflicting interests and because they are significantly different from one another; the zone is nothing more than a loose organization; lacking a legal basis for its actions as well as a powerful coordinating committee, it is not in a position to play an effective role or to attract foreign capital and technology in a big way; it has trouble developing into a development magnet and still falls short of achieving the objective of development.

In the real world, the three nations do find this model acceptable and now appreciate the importance of cooperation. They have taken some moves on the cooperation front as illustrated by their enthusiastic participation in the international conference organized by UNDP.

4) Model D Pros: helps spur development in some fields, taking the interests of the entire region as the point of departure; makes good use of the resources within those fields and puts their complementariness to work; can lead to economies of scale more extensively and is good at disseminating technology to the surrounding areas. It also succeeds in attracting a substantial amount of foreign capital; can promote trilateral relations farther.

Cons: because of the presence of the complexity and disparities mentioned above, the field of cooperation cannot be readily broadened; initial exchange costs quite high; difficulties in coordinating policies and management; cannot guarantee the all-round development of zone.

It is within the realm of possibility to adopt this model to set the stage for further cooperation. The three parties are in the process of exploring the possibility of cooperating with one another in transportation (building a harbor) and environmental protection. Right now the foremost problem is conflicting interests. A case in point

is harbor construction. In 1990 China proposed building a harbor on its soil. Under its plan, the first phase will consist of dredging the silt that has accumulated at the mouth of Tumen Jiang, estimated to be between 1 and 3 million cubic meters. Along with rail construction, the project will cost about \$2 billion. The second phase of the plan calls for the construction of a large harbor upstream at Hunchun, about 72 km from Fangchuan, that will handle 10,000-ton ships, at an estimated cost of \$8 billion by the year 2015. North Korea, on the other hand, suggests that an international trade port be built within its territory, arguing that, first, Qingjin, Luojin, and Xianji are ice-free ports; second, unlike downstream Tumen Jiang, it does not have the problem of silt accumulation; and third, it is free from flooding and it costs less to use existing facilities. For its part, meanwhile, Russia has proposed that places like Boxiete and Vladivostok be developed first to spearhead the drive of opening up to the outside world.

5) Model E Pros: it tentatively accomplishes the goal of development and reaps the benefits of economies of scale; it is better able to attract foreign capital than the several preceding models and bring out the complementariness of resources.

Cons: initial exchange costs quite substantial; management and coordination still present enormous difficulties; South Korea, Mongolia, and Japan still unable to play their proper role.

Both China and Russia find this model acceptable. As a matter of fact, Chinese experts have proposed adopting this model. The main roadblock comes from North Korea. In 1984 North Korea introduced a limited open policy, which militates against expanding economic ties with other nations in the region, which, in turn, will necessarily hamper the formation of a cooperation zone in Tumen Jiang.

6) Model F Pros: can attract foreign capital; utilizes the strengths of multinational consortia and corporations when it comes to funding, technology, and management; short-term pay-offs substantial. Leads to considerable economies of scale.

Cons: High initial exchange costs. There is no guarantee that the objective of development in the zone will be achieved. Out of self-interests, the multinational consortium or corporation typically pursues short-term benefits while ignoring the region's long-term interests. It may cause the Matai effect. Transfer prices may get out of control. Macro-management presents great difficulties. The three nations are not up to the task. Special preferential policies are needed to create the investment climate to attract foreign capital, something beyond the capacity of the three nations. It is well worth our while to examine ways of ensuring the investors' interests. A banking and trade center is unlikely to materialize in the short run. Besides there is no guarantee this model will lead to the development of the region and other areas.

The adoption of this model must be made conditional on the implementation of Model E. Otherwise it simply will not work.

7) Model G Pros: achieves the goal of development; better able to utilize the complementarity of resources; achieves economies of scale in a big way; effective in attracting foreign capital; more harmonious relations among the three nations; internal institutional stability; easy to coordinate policies.

Cons: extremely high initial exchange costs; hard to reconcile the interests of the three nations and resolve their conflicts; the complexity and diversity of the region complicates the operations of the model in practice; management would have trouble keeping up. Model still fails to engage Japan, Mongolia, or South Korea actively in it.

It is extremely difficult to put this model into practice. The conditions are just not there in the real world. First, the issue of sovereignty. Arduous negotiations are necessary here. Second, the three nations' attitudes. North Korea finds the model unacceptable. China and Russia are more flexible but are still deterred by doubts about whether it can be properly run, about its ability to attract foreign capital on a large scale, and about its future and success from rushing to embrace it. Be that as it may, this model is one of cooperation at an advanced level that is well worth looking into.

8) Model H Pros: It can fully accomplish the objective of development and ensure the interests of all parties. It is effective in attracting foreign capital and technology in large quantities and reconciling the conflicts among the various parties. It is amenable to scientific management and can generate substantial social, ecological, and economic benefits. It is better suited to enable Japan, South Korea, and Mongolia to play their proper role. Under this model, resources can be truly complementary and we can effectively tap their potential. The region can serve as a strong disseminator of technology and gradually helps drive the development of northeast Asia as a whole, achieving optimal economies of scale. It also sets an example for other forms of multilateral cooperation.

Cons: It incurs hefty initial exchange costs and entails extremely tough negotiations. However, once the model is in place, all nations in northeast Asia will benefit from it tremendously. This is cooperation of a high order. Nevertheless, further reform of the existing UN management system is needed before it can undertake this monumental task.

The fact of the matter is that as an international authoritative body that is neutral, nonprofit, technical, and disinterested, the United Nations has consistently held high the banner of peace and development. It is a strong advocate of development. All nations recognize its organizational, research and development, managerial, and fund-raising abilities; its capacity for attracting, organizing, and putting qualified personnel to work; and its achievements over the past few decades. For this reason, it is the best candidate to play the administrative role.

With the United Nations actively supporting and working hard on behalf of the development of the region, it is possible it may accept the role. Let us analyze the attitudes of the various nations. Russia has now adopted a policy of opening itself up across the board and is looking for a powerful engine to boost the development of all Siberia and its Far East, so it is expected to take a positive view. Since Deng Xiaoping toured south China and delivered a number of speeches there, China has opened itself further, emphasizing economic construction as the central task. As we see it, provided the territory belongs to China, provided UN administration can lead to the development of the Tumen Jiang region and fuel the development of the northeast as a whole, making China more powerful overall, China may support this model. And so will Japan, South Korea, and Mongolia. North Korea may well reserve judgment. But if other nations in northeast Asia support it unanimously and put in painstaking work, in the end North Korea will also go along with it.

LABOR

Reversal of Migrating Rural Labor

94CE0362B Beijing JINGJI RIBAO in Chinese
23 Feb 94 p 1

[Two-part article by Tai Dewen and Gao Lu: "Speaking of the Reverse Flow in Season of Rising 'Tide'—Dialogue on Reverse Flow Phenomenon in 'Tide of Rural Labor'(Part Two)"—Part One published in China JPRS Report CAR 94-025]

[Text] Don't Ask Him Why He Returned

Tai: Fairly many of the factors for "regressing" and starting an undertaking are connected with the traditional idea of bringing honor to one's ancestors. "A gale has risen and is sweeping the clouds across the sky; with more force throughout the country it sweeps people back to their native places." In the Han Dynasty, after Liu Bang had achieved success and gained fame, the first thing he did was return to his native place and show off. The traditional idea of bringing honor to one's ancestors is deeply ingrained in people's consciousness, and it influences their behavior. In the period of his work outside his native place, a peasant of Fuyang City learned the skill of making pickled vegetables. When he returned to his native place he took the lead in setting up the Huatuo Pickled Vegetable Plant. Its annual output value is now over 10 million yuan and its profit more than 10 million yuan. He has been selected to be a special representative of the city's CPPCC and NPC.

Gao: Objectively, the existing household registration system and land system, I'm afraid, are also important factors in the return to their native places by those who have engaged in trade or work outside their native places. The dual social structure, in which city and county are separated and which has been extant in China for a long time, although in recent years being made somewhat more flexible and being somewhat weakened, has fundamentally not changed. The peasants who went

to cities to work do not enjoy the social welfare and insurance benefits that the city's staff and workers do; at present, one cannot obtain a permanent right to reside in a city solely by economic means.

Tai: Even if this precedent were to be set, one would have to pay the city's land-use fee, basic facilities fee, employment placement fee, and other economic costs; and they are very high and also constantly increasing. Our investigation of typical cases showed that, faced with the choice of paying a large sum of money to obtain the right of permanent residence in a city or using this money to return to one's native place and set up an enterprise, more than 90 percent of the people chose the latter. At the same time, in accordance with the existing land contract system, those who go outside their native places to work must pay taxes and fees in line with the contract. The idea that the peasants' land cannot be put out of cultivation at the same time also influences their desire to return.

Gao: Speaking of certain peasants who have returned to the "Yellow Earth" to continue to engage in agriculture, the state's support policies, e.g., raising the grain purchasing price, I'm afraid, is also an inducement that cannot be overlooked.

Tai: That's natural. If they could gain wealth by tilling the land, why would the peasants leave their villages and crowd into cities? In the process of the return by peasants who went outside their native places, market mechanisms and policy levers have played an important role.

Gao: Specifically, for certain returnees the exciting cause could be the joint effect of the above factors, and also could be the result of the effect of certain factors among them. It is not necessary to get to the bottom of this question. The value of the investigation and analysis of the exciting cause for their return lies in understanding and grasping this phenomenon and correctly guiding it.

Tai: This viewpoint is very important, and we are pursuing this train of thought. The reason for investigating and analyzing why the peasants return is to make the formulated policies and measures more scientific. In doing policy and management work, I advocate that we not examine minutely why other people return. We must look at objective results, and use the three "is it favorable or not" questions as the criteria for judging whether people's behavior is right or wrong, advantageous or disadvantageous.

New Growing Points

Gao: What those who engaged in trade or worked outside their native places obtained was not only a sizable economic income, skills, and business insight, but also they unconsciously absorbed the new ideas of modern life in the developed areas. Those who return bring back the culture and civilization on the outside; through their various ways of behaving they influence peasants around them, thereby pounding at the old, backward concepts and producing an exemplary effect on people's lifestyle.

Tai: The depth and the breadth of this effect far exceed those of radio, television, the press, and other mass media. A young woman from Jidong Village, Quanyang Town, Jieshou City went to Beijing, where she became a nurse. She was gradually influenced by the modern lifestyle. At the Spring Festival she returned home. Her ideas, concepts, and ways of behaving produced a big effect on the other young women in her village. When the Spring Festival had just ended, about a dozen young women requested that she take them to Beijing to become nurses. At the beginning of the 1990 Spring Festival, she set up in her native village a labor export organization and conveyance center. Over the past several years she has organized and conveyed to Beijing more than 1,200 person-times of young women. These women are now spurring on and influencing changes in the thoughts and concepts of even more women.

Tai: The pioneering activities of those who have returned home have mitigated the social problems brought by the transregional flow of labor forces and their crowding into cities. After World War II, in some independent developing countries, during the process of industrialization there appeared, to different degrees, the "urbanization transition syndrome." Brazil, the national condition of which approximates that of China, is a typical example. In the period 1940-1983, the proportion of Brazil's urban population in its total population rose from 31.9 percent at the beginning to 70.7 percent at the end. The rural people who flowed into the cities, unable to find employment, roamed the streets. And the labor force that we originally exported but that returned to their native places and set up enterprises absorb the surplus labor, thereby causing the on-the-spot transfer of the rural surplus labor and really advancing this situation in a realistic way.

Gao: In solving the problem of the transfer of rural surplus labor, the government and academic circles have explored many ways in various places, e.g., through adjustment of the internal structure of agriculture, achieving the split-flow way of "not leaving the land and not leaving the native place" through guiding peasants on the spot to shift to secondary and tertiary industries; thus, the ways of "leaving the land but not leaving the native place" and "leaving the native place but not leaving the land" have been incorporated into the rural industrial structure, while some peasants have been organized and guided to take the way of "leaving both land and native place" by being labor exports to cities outside their native places. The idea of on-the-spot transfer was put forward long ago, and the abrupt rise in transfers provides a realistic way for doing it. Undeveloped areas are basically places where township-town enterprises have not yet been developed. Those who return and start an undertaking may be called a contingent of "fresh troops." In this sense they constitute not only a new economic growing point for the development of township-town enterprises in undeveloped areas, but also a new growing point for the development of rural society; they may even be said to be a new growing point for the social and economic development of China, a

country in which 90 percent of the population lives in the rural areas. If we observe the now surging "tide of rural labor" with this kind of eye, we get another impression.

Tai: Being mobile is not their objective; what, in the end, they pursue is returning and starting an undertaking. Speaking of the local governments, those in this transregional flow of rural surplus labor do not, in reality, require a school education, a factory in which investment has been made, and a credit bank.

New Theme

Gao: The contingent of those who return and start an undertaking will, following the increase in the number of people flowing out, expand proportionally. Compared with the "tide of rural labor," the phenomenon of "regression" is of a more constructive nature, and thus constitutes a more important theme.

Tai: We already understand this point. The Third Plenary Session of the 14th CPC Central Committee formally used the term "labor market," and for labor as a commodity with the market as the intermediary, to have both a flow and a reverse flow is natural. For local governments the most realistic theme is: how, in policy, public opinion, and other aspects, to create an environment and conditions for taking effective measures that guide more people to return and start an undertaking. I feel that we should treat this theme from the height of attracting, discovering, developing, and using talented persons.

Gao: This is very far-sighted. There are bright prospects for local governments in this aspect. What measures have you taken or are preparing to take?

Tai: First of all, all our types of labor-export organizations are doing everything possible to make widespread contacts with economically developed areas and with some enterprises with good economic returns, and they are conveying to them in an organized manner high-quality rural surplus labor and purposefully, through export, training the various types of talented people urgently needed for our economic development. Second, through finding out the real situation by frequent investigations, particularly grasping the opportune time of the Spring Festival period when they return home to visit relatives to make use of symposiums and other ways to investigate and get a detailed understanding of the situation with regard to the exported labor's quality, direction of going, service life, and occupation in order to discover talented people. Third, with regard to the difficulties in funds encountered when returning and starting an undertaking, we require that financial departments, on the basis of conscientious inspection, give support in the form of loans; with regard to tax revenue, we require the tax departments, within the scope permitted by policy, as much as possible grant reductions or exemptions. Fourth, we are considering giving a double award to those who return, start an undertaking, and obtain outstanding results—good economic returns and good social benefits—and put them in leading posts at

the village level, and let them lead more of the measses to make money and become well-off. Finally, we hope you news and propaganda departments will adopt many forms to publicize them in the mass media, forming in all of society a good atmosphere conducive to guiding those who return to make great contributions and accomplish great tasks.

Gao: We have thought of this point. The press has the responsibility for publicizing typical examples of those who have returned and started an undertaking, and for forming in society a general mood of admiring and valuing this activity.

TRANSPORTATION

Northwest Opening Passages to Outside World

94CE0376A Beijing ZHONGGUO XINXI BAO
in Chinese 7 Feb 94 p 1

[Article by Liu Kaihong (0491 7030 1347) and Liu Huaibing (0491 2037 0365): "Northwest Accelerates Construction of Major International Passages"]

[Text] Reform and opening up to the outside world have pushed the great Northwest, which in former times was closed and backward, toward the forward position of opening up to the West, rapidly putting five province's autonomous regions—Shaanxi, Gansu, Ningxia, Qinghai, and Xinjiang—on the track of economic marketization. The Northwest region, amid frequent contacts with the outside world, is determined to break through its "bottleneck" in traffic and communications, which are unsuitable for economic development, and accelerate the economic leaps of the five provinces and autonomous regions by gradually achieving unblocked road, railroad, and air transport and communications, thereby constructing a three-dimensional network of passages.

In railroad construction, the building of the Lan-Xin multiple-track railroad, in which the state has invested 3.9 billion yuan, is expected to be completed ahead of schedule in 1994. On it, within the borders of Gansu Province the Qingshanbao-Zongjiazhuang and Dongming-Jilin sections will be open to traffic respectively on 15 and 20 December. The important competent parts of the Asia-Europe Land Bridge that runs through parts of Shaanxi, Gansu, and Ningxia—the 65 tunnels of the Baoji-Zhongwei Electrified Railway—have all been linked up. Furthermore, the plan to extend the Southern Xinjiang Railroad to Aksu will be finished in the Ninth Five-Year Plan period; after the Northern Xinjiang Railroad is formally incorporated in the the national railroad network, it will extend north to Karamay and Altay and south to Yining. When the time comes, the handling capacity for goods will be improved, thereby promoting the economic development of the five provinces and autonomous regions in the Northwest.

In road construction, all of China's longest road—the Lan-Xin Road—has been blacktopped, making it a national second-grade road surface.

To change the situation in which it has few roads and a low road density, Gansu has put forward a plan for construction of a "double crisscross" road network, which is estimated to be completed in seven years from now. The rebuilding of the Gansu section of the Lan-Bao Road has been completed, and the vehicle speed per hour has been increased from the original 30 kilometers to 80 kilometers.

To achieve as quickly as possible the "joining in the east and coming out at the west," Xinjiang has begun border post capital construction with the focus on building roads. Last year Xinjiang invested a total of 200 million yuan on building major international passages, and it will transform seven port roads, including (Baketu, Cui'enguosi, Alashankou), and (Tu'erduote). The expressway that goes from (Dahuangshan) through Urumqi to Turpan, for which the World Bank granted a loan of \$115 million and for which there was a total investment of 2.3 billion yuan in Renminbi, and the total length of which is 285.5 kilometers, will be completed in the Ninth Five-Year Plan period. Up to now Xinjiang has built roads with a total length of 26,000 kilometers, the longest in China; 53 percent of its open-to-traffic road surface is high grade or secondary high grade, which puts it in first position among China's autonomous regions.

The upsurge in development brought about by reform and the opening up to the outside world had spurred a considerable development of the Great Northwest Air Corridor. In this regard Urumqi will open domestic air lines to Wuhan, Kunming, Haikou, Shantou, Qingdao, and Ningbo, as well as Tacheng, Turpan, Hami, and Malan within Xinjiang's borders. Also, to fully display Xinjiang's geographical superiority, Urumqi will open direct passages to various places in the world: to the east, in succession opening air lines to Hong Kong, Tokyo, Seoul, Bangkok, and Singapore in East Asia and Southeast Asia; and to the west, in succession opening international air lines to (Aoshi, Bikshikaike), Moscow, (Shengbidebao, Ashihabata), Kiev, Minsk, Karachi, and (Shajia). With Urumqi as the center, Xinjiang has formed a network of 30 air lines linked to 19 large and medium-sized cities in China and to 11 cities and counties in the autonomous region, thereby becoming in China among all the provinces and autonomous regions the one with the most airports and longest air lines. In the Northwest region the Yinchuan He [river] East Airport will be newly built; the Lanzhou and Guohuang

airports will be expanded; and the Xining, Yulin, Ankang, and Hanzhong airports will be rebuilt or expanded.

The post and telecommunications facilities of the five provinces and autonomous regions of the Northwest, under the concept of "great communications," have entered the completely new era of the satellite, microwave, optical cable, and programmatic control. With a total investment of 750 million yuan, the Xining-Lanzhou-Urumqi-Yining optical cable project, and the Turpan-Hetian, Urumqi-Yining, and Urumqi-Altay digital microwave projects, are being intensively constructed; and the large-, medium-sized, and small cities of Xi'an, Xining, Yinchuan, Lanzhou, Jiayuguan, Guohuang, and Urumqi have been put in the international direct broadcast exchange network.

AGRICULTURE

Jilin Reports Shortage of Beets

94CE0397L Changchun JILIN RIBAO in Chinese
26 Mar 94 p 1

[Summary] In 1994 the planned beet area in Jilin Province is 900,000 mu. However, as of today, only 40 percent of contracts signed with farmers have been fulfilled, the beets produced will only maintain one-third of the processing capacity of sugar mills.

Liaoning Rural Savings

94CE0397Q Shenyang LIAONING JINGJI RIBAO
in Chinese 18 Mar 94 p 1

[Summary] At the end of February, rural saving deposits in Liaoning Province totaled 31.66 billion yuan.

Guizhou Sets Goals for Livestock Industry

94CE0397P Guiyang GUIZHOU RIBAO in Chinese
28 Mar 94 p 1

[Summary] Development goals for the livestock industry in Guizhou Province are: By the end of the Eighth Five-Year Plan to produce 900,000 tons of meat, 70,000 tons of eggs, 15,000 tons of milk, and 30,000 tons of aquatic products. The output value of the breeding industry will be 5 billion yuan (based on 1990 constant prices), and account for about 30 percent of the gross value of agricultural output. By the end of the Ninth Five-Year Plan to produce 1,050,000-1,100,000 tons of meat, 100,000 tons of eggs, 35,000 tons of milk, and 50,000 tons of aquatic products. The output value of the breeding industry will account for over 35 percent of the gross value of agricultural output.

Social Effects of Emerging 'Nouveaux Riches'

94CM0232A Shanghai SHEHUI [SOCIETY]
in Chinese No 110, Mar 94 pp 4-6

[Article by Xiao Wentao (5135 2429 3447): "The Social Effects of the Newly Emerging Stratum of Wealthy People and Relevant Reflections"—Edited by Shen Guanbao (3038 7070 1405) and Li Ling (2621 5107)]

[Excerpts] Speaking of their positive effects, the emergence of a stratum of rich people demonstrates the most realistic aspect of the party's policy to have the people attain a state of prosperity and to advance toward a state of common prosperity and abundance for all. It is indeed a historical event of breakthrough nature. Not long after establishment of New China, the CPC had pronounced its move in the direction of common prosperity and abundance for all, and for this purpose had instituted its thoroughgoing reforms. However, due to the restraints of the traditional economic system and the influences of the absolute egalitarianism engendered by manual labor, also the additional vigilance against the social dichotomy of the Old China, it was never possible, in this question of how to achieve common prosperity and abundance for all, to at least arrive at a policy of allowing one part of the population gain prosperity ahead of others. To allow pluralistic economic components outside of the public ownership system and distribution patterns other than the one of distribution according to work had been absolutely taboo. The practice was that of the so-called "egalitarianism and indiscriminate transfer of resources" and "chopping off the tails of capitalism." Under these circumstances, it was impossible to allow one part of the population attain prosperity ahead of others, and it was even more out of the question to speak of common prosperity and abundance for all. Only after the Third Plenary Session of the 11th CPC Central Committee did it happen that Comrade Deng Xiaoping for the first time put forward: "As regards our economic policy, it is my opinion that we should allow some districts, some enterprises, and some people to gain larger incomes and enjoy better lives ahead of others, because of their achievements attained in hard work and with great exertions... to make it possible for the Chinese people of all nationalities throughout the entire country to gain prosperity and abundance in a comparatively short time." We can therefore conclude that the emergency of the stratum of wealthy people, and the process that allows them to develop and grow in strength, is also part of the process of that would allow first a limited portion of the population to attain prosperity before others, and to delay to later days prosperity and abundance for the majority of the people, as this process is also the successful practice and vivid demonstration of the party's policy of achieving nationwide prosperity in due course.

We can also assert that by their emergency the stratum of wealthy people is setting an example for those that have not yet attained prosperity, and that they thereby are exerting a widely spreading stimulating influence. For

the majority of China's citizens, coming from the traditional economic system, the decision to involve themselves in the treacherous ocean of the market economy requires not only an extreme measure of courage, but also that they undergo a process of a rather arduous apprenticeship. In this respect, those wealthy ones, who have courageously opened up new paths and who have swiftly raced ahead toward prosperity, are thus playing an exemplary role by their actually achieving wealth. They are setting an example to emulate and are thereby motivating and helping a growing number of others to advance too toward prosperity and abundance.

Looking at the negative aspects, there is first, that among the stratum of the wealthy people some got rich in unreasonable and unlawful ways. They either took advantage of loopholes of policy or acquired wealth illegally, which then directly stirred up confusion in the social distribution order and gave rise to serious injustices in distribution. Most conspicuous examples of such are:

One, some specially gifted and naturally talented people, such as star singers, star athletes, etc., although capable of providing people with spiritual products and spiritual enjoyment, or winning honors for their motherland, acquire huge wealth once they become famous. It makes people really wonder whether that is reasonable or legitimate. Then there are also loopholes in the country's taxation policy, all that has people inevitably consider such cases as incidents of inequitable distribution.

Two, with the development of private economy, a group of people came into being who primarily operated illegally and conspired to reap huge profits; these people were indeed successful in acquiring great wealth in this way in a short time.

Three, by the method of trading power against money, some appropriated to themselves large amounts of public property and caused many public assets to become lost. This is at the present time the most serious instance of injustice in social distribution. Their customary methods of misappropriations are mainly:

"Profiteering by means of undue official approvals to certain documents." Some people specialize in the resale of import and export licenses, and once a sale is successful, cash is diverted from the enterprises into their own pockets.

"Illegal profiteering by means of the price differentials" has some lawless elements take advantage of the dual-track pricing system during the period of change-over in systems. They exploit personal relationships, go by the backdoor, accept kickbacks, fraudulently sell parity-priced means of production, and shift most of the financial encumbrances on to the enterprises.

"Illegal speculating in real estate" has some people, relying on power or with the help of corrupt officials, buying up land at cheap prices, then drive up land price before they sell it again, deriving huge profits from such speculation.

"Speculating in shares" has some people take advantage of the fact that the management of the new stock markets is not yet up to standards, as they misuse public funds to speculate in personal stocks, transfer corporate stocks to individual persons, and there are also cases that before original issue stocks come into the market, they are privately shared out among related parties or placed in red gift envelopes and presented to certain people as gifts.

Second, some nouveaux riches, who had easily amassed great wealth within a short time, do not use it for investment in productive fields, but squander it wantonly and wastefully, creating an antisocial consumption that by far exceeds the present level of productive forces and seriously pollutes the general social atmosphere. In actual life, there are now many cases of rich men competing with each other in wealth, ostentatiously displaying their wealth, engaging in reckless gambling, visiting prostitutes, and using narcotic drugs. Even though these are not widely prevailing consumption habits among the stratum of the wealthy, these abnormal consumption phenomena—throwing money around like dirt and letting money flow like water—have already created an extremely bad impression among the general public.

Third, it is precisely these illegal acquisitions of wealth that have led to serious injustices in the distribution field, have fomented discontent among a considerable portion of the population, and have caused psychological instability of a societal character to appear. Although people's incomes and living standards have generally improved in the 10-odd years of reform and opening to the outside world, and people have a greater psychological tolerance than before, there is also this problem that

must be faced squarely: The injustices in the social distribution that have occurred in the course of reform and opening up are felt as a daily increasing psychological pressure by many members of society. Due to these injustices in distribution, majority of personnel on wages and salaries, and the workers in agriculture feel that the disparity in incomes and the gap between rich and poor is much too large. They have the strong impression that they are being deprived. There is presently also the factor of the large-scale currency inflation, which is an additional direct threat to the consumption level and developmental demands of one portion of the population, making them feel that there is no moral justice as things are at the present time. This will inevitably lead to even greater discontent in an even wider circle of people, and will affect stability throughout the entire society.

Fourth, the process of irrational and unlawful enrichment of some of the nouveaux riches has emboldened more and more people to try to also get rich quickly by means that would violate law and discipline or would even constitute criminal acts. In the face of the new situation, with its rapidly growing economy and continuously rising social consumption, the huge wealth of some of those "moneybags," and their immense consumption, has already bestirred some people, irresistibly, not to take things lying down, but to rather think of ways and means to avail themselves of loopholes in the policy, working out all kinds of schemes to embezzle public property, and also some private property, or trying, overtly or covertly, to get high incomes to which they are not rightly entitled. What is particular cause for anxiety is that some people, to get rich quickly, will not shrink from boldly taking great risks and from even stooping to commit crimes.

Sino-Burma Border Security Problems

94CM0247A Beijing RENMIN GONGAN BAO
in Chinese 3 Feb 94 p 2

[Article by FAZHI RIBAO Correspondent Sun Chunying (1327 2504 5391), RENMIN GONGAN BAO Reporter Li Bingtian (2621 3521 1131), and RENMIN GONGAN BAO Correspondent Sun Baoye (1327 1405 0673): "Ten Years of Combat Readiness—A Look at China-Burma Border Defense Work"]

[Excerpts] Peaceful Border Not So Tranquil

Historically, the Chinese-Burma border has been a peaceful and friendly boundary, the border peoples of both country intermarrying and going to market in both countries, and traders travelling back and forth. Following founding of new China, Premier Zhou Enlai visited Burma in 1961. In 1962, the two countries redemarcated the border, thereby laying a foundation for further development of friendly relations between the two countries.

The Yunnan section of the Sino-Burmese border runs for more than 1,900 kilometers without natural obstacles. The border line zigzags, border peoples living on both sides of it. In response to reform and opening to the outside world, and for effective maintenance of border security, the Yunnan border defense headquarters has decontrolled all that should be decontrolled, and controls what should be controlled.

On the Burma side of the Sino-Burmese border, the situation is complex. Numerous political forces co-exist, and they frequently fight with each other.

In November 1992, warfare broke out on the other side of the Sino-Burmese border. The Yunnan Border Defense Headquarters received an urgent report from the Lincang Border Defense Detachment. The border Defense Headquarters took immediate action, organizing forces to control the border situation. It captured the weapons of Burmese personnel who had entered Chinese territory, helped settle Burmese refugees, and maintained China's national honor.

During this military incident, more than 20,000 Burmese border people surged into Chinese territory. More than 1,000 armed personnel of local nationality from across the border also fled into Chinese territory when they were defeated, carrying large amounts of firearms and ammunition with them. China's border defense units disarmed the more than 1,000 Burmese personnel who had entered Chinese territory following their defeat. All in all, border defense units confiscated 36 guns, 1,085 shells, 1,003 small arms of all kinds, 194 cartridge cases containing more than 30,000 rounds, and 2,987 hand grenades. In addition, border defense troops sent out search detachments every day to search for weapons and ammunition that the Burmese personnel had dispersed in key sections of the border, and urged the return of more than 20,000 refugees who had entered Chinese territory.

Acting on instructions from higher authority, the border defense headquarters intervened actively in Burma, sternly pointing out that this conduct was an infringement of China's sovereignty, and explaining China's attitude about the maintenance of territorial sovereignty and the restoration of border order, forcing the other side to make an apology to us. The disarmed Burmese personnel and their families were safely sent back across the border.

In order to maintain national sovereignty and honor, and to ensure border stability, the Yunnan Border Defense Headquarters strengthened patrols and guards on the national boundary. It immediately halted illegal entry into and exit from China, and it cracked down on all criminal elements who violated the law.

With the intensification of reform and opening to the outside world, large numbers of traders from outside China have surged into this area, and the number of border people traveling back and forth has increased. Some border people trading post formerly located in villages far away from the frontier line have been moved to the national frontier, and the number of people entering and leaving through Chinese border exit and entry points has risen greatly. Some illegal elements who noted the complexity of the terrain along the China-Burma frontier also tried to sneak out of the country here to escape crackdowns. In order to maintain the prosperity of the border region and crack down on criminals, the Yunnan Border Defense Headquarters increased friendly cooperation with Union of Burma police organizations. Both sides held many discussions about joint crackdowns on criminal offenses, and the handling of border security issues.

One bureau level cadre in Yunnan used his official position to turn over to his son more than 3 million yuan of public funds to go into business. Surprisingly, not only did this spendthrift's business fail, but he also used the public funds for eating, drinking, whoring, and gambling. Later on, he escaped to Burma with the funds remaining. The Dehong Dai-Jingpo Autonomous Prefecture Border Defense Detachment provided the Burmese with this person's physical description, photograph, and hiding place. Very soon, the Burmese police returned this person to our border authorities, both father and son falling into our legal dragnet.

Through conversations, our border authorities also succeeded in obtaining the extradition from Burma of intelligence peddlers who had left China and were planning to sell Chinese military intelligence, thereby preventing a major disclosure of state secrets. Guo Tianming, the commander of the Dehong Dai-Jingpo Autonomous Prefecture Border Defense Detachment, said that "in order to escape a crackdown, some criminal elements in China devise means to sneak out of the country. The Dehong Border Detachment has succeeded in obtaining the extradition from Burma of several economic swindlers and criminals who escaped from China carrying public funds."

Strong Contingent Receives a Rousing Welcome

A large tree farm stands in the Yunnan border region where Wenshan and Honghe prefectures meet. One fall, a gang of criminals banded together to fell this government timber using armed force. They drove away the local forestry bureau personnel and work came to a standstill. Slogans reading "Smash the Forestry Bureau" appeared here and there. Each day more than 30 large trucks, each truck carrying more than 20 scoundrels, forcibly entered the tree farm to haul away timber in a display of swollen arrogance. At the time, the looting of state property and the destruction of state facilities also occurred elsewhere throughout the country. Consequently, the armed felling of timber in a state tree park in Yunnan gained the serious attention of State Council leaders who directed that Yunnan resolve this distant incident with all possible speed. After studying the problem, the Yunnan Provincial CPC Committee and provincial government ordered the Yunnan Border Defense Headquarters to send troops within 24 hours to designated sites. The Border Defense Headquarters urgently wired orders to the Wenshan and Honghe border detachments to deploy 300 crack troops along a line. At the same time, it ordered the Wenshan, Honghe and nearby border detachments on full combat alert.

The commander of the Border Defense Headquarters who was the deputy commander in charge of this action, Zhou Rupeng, and the officers and men of the Wenshan and Honghe detachments moved upon receipt of the first alert. Nineteen hours later, blockades were in place at all entrances into the forest area, and six guard units began to publicize policy and the law at their guard locations. Within three hours, they successfully controlled all vehicle entry into the forest area, and brought to justice the marauding criminals. The lunar New Year was fast approaching, but border defense officers and men worked together with forestry bureau comrades and forestry public security cadres and policy to rectify public order in the forest area. Zhou Rupeng and more than 300 border defense officers and men spent that lunar New Year in the forest area. Provincial CPC committee secretary, Pu Chaozhu, personally drafted a congratulatory telegram to comfort the border defense officers and men. Provincial CPC committee and provincial government leaders praised the border defense headquarters as a reliable, useful, mobile, and superb corps.

During July and August 1992, the Yunnan Border Defense Headquarters received orders to take part in a "tough crackdown" campaign in Pingyuan Prefecture, and it was responsible for an attack mission in combat. In order to reduce casualties, the headquarters made military deployments and conducted special combat preparedness training. Before dawn on 31 August, 20 small combat teams made up of border defense officers and men and public security cadres and police, led by border defense officers and men who were familiar with the terrain, entered designated areas under cover of darkness. At exactly 6:00 a.m., when a red signal flare

went up, the 20 small teams simultaneously fell upon criminal elements rounding up a whole gang of criminals in one fell swoop.

The Pingyuan street campaign had been fought very well, only three of the officers and men of the border defense units suffering injuries, and no one killed. [passage omitted]

Virtually everyone knows that the Sino-Burmese border adjoins the world-renowned drug producing area, the "golden triangle." International narcotics peddlers use countless schemes to open a "China channel." Gun running and narcotic selling flow from the same source, causing a precipitous increase in the dangerousness of drug seizures. Trafficking in 50 grams of heroin is a crime punishable by death. In order to protect their lives and make a profit, drug peddlers may open fire and put up strong resistance. In 1993, Yunnan border defense troops fought 24 battles with armed drug peddling gangs, winning every time and delivering savage blows to the swollen arrogance of the drug peddling gangs. On one occasion, Gao Guanglun, the headquarters commander, personally led officers and men on the investigation of a drug smuggling case. They fought skirmishes with the criminals for more than a month, finally rounding up in one fell swoop the criminals from outside China. They captured 11 criminals and seized 30,000 grams of heroin, and HK\$1.5 million and more than 400,000 renminbi in drug money.

In 1993, the Yunnan Border Defense Headquarters seized more than 755 kilograms of heroin and more than 743 kilograms of opium. It also captured more than 1560 army rifles, more than 40,000 rounds of rifle ammunition, and nearly 4,000 hand grenades. In addition it confiscated more than 16,000 pornographic recordings and pictures. It also seized some smuggled gold, platinum and precious stones. It freed more than 100 women who had been kidnapped for sale abroad, and it tracked down and arrested more than 3,400 people involved in 500 cases of flight.

Deep Feelings Dissolved in Ruili Jiang

Reform and opening to the outside world brought unprecedented affluence to the vicinity of the border cities of Mangshi, Wanding, and Ruili. One high building after another has been built, shops and guest houses abound, and there is a dazzling array of goods. On the streets, a tide of people surges, and traffic is heavy.

"We control the border through a combination of manning particular points, setting up lines, and conducting patrols through the whole area. Border public security inspection stations have set up checkpoints on the main thoroughfares in the forward border control area. They use an all-weather on-duty system, and they have instituted a general vehicle search and verification to interdict criminal elements. Border work stations have increased armed patrols, roadblocks, and ambushes along the border to control the line. Border work (inspection) stations have also increased controls at entry points

and on cross-border roads to maintain the arrival and departure order. Public security posts control society along the border. They have improved public order at public places such as stations and hotels, and control over the general population, the transient population, and the temporarily domiciled population, thereby forming a complete border defense control network." This is what Yunnan Border Headquarters commander Zhou Rupeng told us.

At the Simao Prefecture border line and in the triangular area where Vietnam, Laos, and Burma abut China, land and water routes are continuous, and there are numerous highways and ferries one may take to enter or leave China. These have always been places where smugglers, drug traffickers, and all sorts of criminals have sneaked in and out. Border defense detachments in these places feel that it is not enough to depend on border defense units to exercise control. We must take the approach of relying on the public to control the border. First, these detachments sent propaganda teams into village streets, fields, and hamlets along the boarder to conduct general indoctrination of the public to improve the public's consciousness about border control regulations. They used this as the first step in setting up public "border control teams headed by township and village cadres." For small roads away from villages, they sent guard teams to institute control. Thanks to these efforts, a fine situation of "three fews and three manys" emerged: the number of people leaving the country without having been inspected or registered were few, the number of people who submitted them self to border defense inspection were many; the number of foreigners entering China without permission to conduct activities was few, and the number of those entering and leaving through

designated entry and exit points where they completed procedures were many; the number of people violating border control regulations were few, and the number abiding by the law and consciously supporting border controls were many.

The border defense officers and men not only discharge the heavy duty of guarding the border and protecting the country, but they also regard the area they garrison like their hometown, treat the people like their father and mother, and willingly accept the task of helping the public extricate themselves from difficult circumstances, escape from poverty and become wealthy.

The masses have begun to get wealthy. No longer need they worry about having sufficient food and clothing. They have also raised money for a joint border defense unit, doing all possible to help the border defense headquarters do its work well. Hence, one hears of case after case of joint police and people defense and criminals being caught. One young person who had a plan to flee from China by floating downstream on a raft was seized by the public in Guanlei Village and sent to the border defense work station. During the past several years, the public alone has caught more than 100 law breakers.

Who are the most beloved people in this western Yunnan region? It is those who guard the border and defend the nation who are worthy of this name. Through their own behavior, they have built a bridge that bonds them with the flesh and blood of the people. They practice "a common destiny, breathing with, and linking heart to heart" with the people. The breaking of many large drug trafficking cases in the southwestern border region has depended on the leads that the public has provided. [passage omitted]

EAST REGION

Unemployment in Shandong Increases in 199394CE0409A Jinan DAZHONG RIBAO in Chinese
21 Feb 94 p 1

[Article: "With Growing Numbers of Unemployed and Sharp Job Competition, Shandong's Job Prospects Are Not Optimistic"]

[Text] As enterprise operating forces are being converted and reform of our labor employment system is being steadily intensified, Shandong's urban job prospects for 1994 are not optimistic.

Shandong's grim job prospects for 1994 can be seen mainly in: 1) The numbers of urban unemployed are growing. By the end of 1993, Shandong had 236,000 urban unemployed due to structural conversion, up 54,000 from 1992 which, in addition to the normal increase in unemployment in 1994, will push our 1994 unemployment above that of previous years. 2) The numbers of unemployed employees are up. Along with market changes and industrial structural adjustment, certain enterprises will go bankrupt or shut down, sharply increasing the numbers of unemployed employees in 1994. Meanwhile, the unemployed will be older and less able to find new jobs. 3) As reform intensifies, the urban-rural and regional limitations on labor mobility will be breached which, in addition to certain enterprises wanting to employ the rural workforce, will decrease the job opportunities for the urban unemployed. 4) Along with property rights system reform, industrial structural adjustment, and technological upgrading, the number of workers recruited by enterprises from society will be down from previous years.

Our unemployment problem will be solved mainly through economic growth. The sustained, rapid, and sound growth of Shandong's economy will create many favorable job prospects. While tertiary industries, township enterprises, and FIEs are growing particularly fast, all providing certain job opportunities, we will still have to rely mainly on jobseekers facing up to their situation, by correctly understanding our national employment policy, acting in line with market demand, and improving their own skills and increasing their competitive awareness to find jobs in line with their own qualifications.

Shandong Promulgates Economic Regulations94CE0409B Jinan DAZHONG RIBAO in Chinese
19 Feb 94 p 1

[Article by Li Yuhai (2621 3768 3189): "To Ensure the Establishment of a Market Economy and Promote Sound Economic Growth, Shandong Has Speeded Up Its Pace of Local Legislation, with the Shandong People's Congress Standing Committee Drawing Up and Ratifying 30 Local Laws and Regulations in 1993"]

[Text] Shandong's Eighth People's Congress Standing Committee has adapted to the needs of Shandong's rapid economic growth and establishment of a socialist market economy, by steadily speeding up its pace of local legislation, particularly economic legislation. Since its change of session in early 1993, it has drawn up 14 local laws and regulations, and approved 16 local laws and regulations drawn up by the three cities of Jinan, Qingdao, and Zibo.

The establishment and perfection of socialist market economy operating forces has to rely on a corresponding market economy legal system for guidance, standardization, guarantees, and restraints. The Shandong People's Congress Standing Committee has steadily freed up its thinking and revamped its legislative concepts, making its prime mission legislative work, particularly economic legislation. Shandong People's Congress Standing Committee Chairman Li Zhen [2621 2182] [former Shandong Vice Governor] has repeatedly emphasized the need to adapt to the needs of rapid economic growth, by using the spirit of reform to do a good job of local legislation. The Shandong People's Congress Standing Committee, in order to build as quickly as possible the basic framework of a market economy legal system throughout Shandong, so that there will be laws to follow in the key areas of reform, opening, and economic development throughout Shandong, has held two local legislative symposiums, which specially studied the new situations and issues posed to local legislation by a market economy, and explored innovative legislative thinking under the new conditions. Based on extensive investigation and study, and numerous changes in their drafts, they set the Standing Committee's 1993 legislative plans and Shandong's five-year legislative program, acting in line with market economy development needs, by setting forth legislative items to provide for future legislative objectives and missions.

They first proceeded from Shandong's realities, by promptly drawing up local laws and regulations, such as the "Shandong Statistics Regulations," the "Management Regulations for the Qingdao Duty-Free Zone in Shandong," and the "Management Regulations for Shandong's Establishment of Project Bidding," to accomplish matters, such as standardizing market subjects, preserving market order, and tightening macroeconomic regulation and control, in order to promote sound market economy development. Directed at the "development zone and real estate fevers," they drew up and approved legislation, such as the "Shandong Regulations on the Sale and Transfer of Urban State-Owned Land Use Rights," and the "Management Regulations on Urban Real Estate Transactions in Qingdao City." To adapt to the needs of the rapid growth of reform, opening, and foreign investment throughout Shandong, they drew up and approved economic laws and regulations involving foreigners, such as the "Shandong Management Regulations on Economic and Technological Development Zones," the "Shandong Management Regulations on Enterprise Registration in Economic and

Technological Development Zones," and the "Labor Management Regulations for Qingdao FIEs."

To improve legislative quality and make local laws and regulations more serviceable, the Shandong People's Congress Standing Committee conducted bold explorations in

areas, such as reforming local legislative systems and procedures, and broadening legislative channels, which breached the local legislative fetters of "empirical maturation and policy finalization," to achieve legislative leadership and foresight.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.

END OF

FICHE

DATE FILMED

15 JUNE 1994